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AMERICAN RAILROADS IN WARTIME

THE economic developments associated with the second World War have restored to American railroads a volume of traffic comparable to that which they handled before the great depression. Until 1941 the levels of 1929 had never been regained. Largely as a result of highway competition, even in the peak year 1937 ton-miles of freight traffic were only 81 per cent as numerous as in 1929. In the following year of depression the percentage fell to 65. In 1939 it rose to 75 and in 1940 to 83. But in 1941 it increased sharply to 106. The number of ton-miles in that year, 475 billion, represents the largest amount of freight movement ever handled in any calendar year. The corresponding percentages for passenger-miles, in the order of time, beginning with the peak in 1937, are 79, 70, 73, 76, 94. There was a marked rise from 1940 to 1941, although it left travel 6 per cent lower than in 1929. Figures for the first three months of 1942, if viewed in the light of the usual seasonal changes, indicate that the rise in both freight and passenger traffic has continued. Travel will probably exceed the 1929 figure, but in this branch of the service no new record will be established; passenger-miles declined in the 1920's. In the all-time peak year 1920 they were 51 per cent higher than in 1929.

The number of ton-miles depends on the size of the flow of goods from original points of supply, on the division of the flow between railroads and competing forms of transport or

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local consumption, and on the remoteness of destinations from origins. The Federal Reserve index of industrial production provides a rough indication of changes in the total flow. For 1938 it is 89; for 1939, 108; for 1940, 123; for 1941, 156 (1929, 110; 1937, 113). The rise in total flow of all goods, weighted by their importance as railroad traffic, must have been smaller, but was clearly very substantial. The tremendous growth of industrial output stimulated by defense and war orders and (until 1942) by rising civilian demand was the principal cause of the great increase in freight. The percentage of the total flow shipped by rail has probably gone up. The transfer of coastwise and intercoastal vessels to overseas war uses, and, more recently, the submarine campaign, have diverted a considerable amount of goods to the railroads. The average distance of shipment has lately been lengthening. Expansion of industry usually reduces the average haul of all freight, because durable goods, the production of which increases more rapidly than that of others, have a shorter haul. This is what happened from 1938 to 1940. But in 1941 war conditions lengthened hauls. A large part of current production is intended for abroad and must move all the way to the Atlantic or Pacific coast from points of production. The traffic diverted from coastwise and intercoastal vessels moves for long distances. The seaboard consuming centers must be obtaining relatively more of their sugar from domestic sources by rail rather than by vessel from Cuba, the Philippines and Hawaii. Imports and exports which would normally move by ocean between west coast ports and Europe or between east coast ports and the Orient now cross the continent by rail to economize shipping and time.

Industrial recovery ordinarily results in some increase in rail travel for business and pleasure. The great and growing prosperity directly accounts for part of the present rise in passenger-miles. The enormous expansion of the armed forces involves much movement of drafted men to camps, troops from one post to another, and men on furlough. (Fares on the basis of 1 cent per mile have been established for the benefit

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of men in uniform traveling on their own account.) Journeys of this kind are lengthy, on the average. There must have been a large amount of long-distance civilian travel to and from Washington.

Freight and passenger traffic totals for 1942 will probably be even greater than for 1941. Although further expansion of war production will be accompanied largely by a curtailment of civilian output, a net increase in the movement of commodities seems likely. The drastic restrictions on the supply of gasoline, tires and new vehicles will limit the use of the highways. They will affect private motoring more severely than trucking. The latter is more vital to the general functioning of the economy, and the government has already shown a disposition to favor it. Of course the decline in highway passenger-miles will not be matched by an equivalent increase in rail passenger-miles. If it were, the rail service would be demoralized, for normally highway travel is a large multiple of rail travel. There are many uses of motor cars for which there are no railway substitutes. Even where a train ride will serve the same purpose the cost to the consumer is often higher. But there will probably be enough substitution to burden the rail service appreciably.

The kinds of freight which the railroads have lost most heavily to motor transport yielded higher earnings per ton-mile than the remaining business. Many rail rates have been cut since 1929 in an effort to regain traffic or at least to prevent further losses. Revenue per ton-mile averaged 1.08 cents in 1929 but only .94 cents in 1941. Consequently the recovery in traffic was not matched by an equal recovery in total freight revenue, which amounted to $4,815,000,000 in 1929 and $4,448,000,000 in 1941. The latter figure, of course, was a substantial gain over the $2,852,000,000 earned in 1938. Passenger fares have been sharply reduced to meet competitive conditions. Revenue per passenger-mile was 2.81 cents in 1929 and 1.75 cents in 1941. Aggregate passenger revenue was $872,000,000 in the former year and $515,000,000 in the latter. Revenues of all kinds, including those from other, minor sources amounted to $6,280,000,000 in 1929 and $5,347,000,000 last year.

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In these circumstances it is not surprising that net railway operating income—the amount of revenue left after deducting operating expenses, taxes, and equipment and joint facility rents—totaled $1,252,000,000 in 1929 but only $1,000,000,000 in 1941. The latter figure, however, was a great improvement over the net of $373,000,000 in 1938. It covered debt charges and rent for leased roads with a little more than $500,000,000 left over for dividends or net additions to assets.

During 1941 the growth of net earnings was threatened by demands for higher wages. The unions of the train and engine service workers asked for an increase of 30 per cent, an average of about 27 cents per hour; those representing other workers asked an addition of 30 cents per hour, an average increase of about 47 per cent. A demand of the latter group for two weeks' vacation with pay was pending. If these proposals had been in effect throughout 1941 they would have increased operating expenses by roughly $825,000,000. Unless balanced by increases in rates and fares, they would have reduced net railway operating income for the year to about $260,000,000, less than in any year during the great depression. The resulting negotiations ended in a deadlock, and intervention by the National Mediation Board was unsuccessful. The employees voted to strike, thus providing an occasion in accordance with the Railway Labor Act for the appointment by the President of a special Emergency Board. On November 5 it recommended an increase of 7½ per cent for the train and engine workers and 9 cents for the others, together with a one-week vacation for the latter. The unions refused to accept the settlement. The Board now converted itself into a mediating agency and procured an agreement somewhat more favorable to the employees. The recommended rates were to apply retroactively from September 1. But beginning December 1 the increases were to be 9½ cents for train and engine men and 10 cents for the so-called non-operating workers. The one-week vacation was retained. If these provisions had been in effect throughout 1941, they would have added about $300,000,000 per year to operating expenses.

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Prior to the settlement, railroad wage rates had been stable since the end of 1937. In the meanwhile prices of commodities used by the roads had been rising as part of the general inflationary movement of prices and wages which occurred after 1940. By December 1941 they were about 10 per cent above the average for the previous year. At the time it seemed likely that further increases would occur. Thus the railways were faced in December with the prospect of materially higher wages and prices in 1942.

A few days after the final settlement of the wage case they petitioned the Interstate Commerce Commission to clear the legal path for general increases in railway charges. They proposed to raise by 10 per cent all passenger fares, except those for members of the armed forces on furlough, and all freight rates, except those on coal, coke and iron ore. The soldiers' fares were not to be changed. The rates on the excepted commodities were to be augmented, in most categories, by 5 cents per short ton — about 2 or 3 per cent. On all freight traffic the proposed increases would have averaged about 7 per cent. As justification the carriers cited not only higher wages and prices but also the prospect of expenditures, necessitated by the war, for the protection of their properties. They estimated that, if 1941 traffic had been subjected to the proposed rates, operating revenue would have been increased by $359,000,000. They apparently regarded this as about equal to the increase in outlay which would have occurred if the new conditions had prevailed.

The Commission approved the proposed changes in passenger fares, and they became effective on February 10, 1942. But instead of the changes in freight rates proposed by the roads, it allowed more diversified and on the whole lower increases averaging about 4.5 per cent. Applied to the 1941 volume of business, the new passenger and freight charges would have added about $249,000,000 to operating revenue.

The decision thus left a prospect that, if the traffic of 1942 should be like that of 1941, net earnings would decline. But the Commission took the view that an increase in traffic would

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occur, and would probably be accompanied by expansion of revenue greater than the rise in expenses, taxes and operating rents. This can happen even if expenses, etc., increase in the same proportion as revenues, since they are usually a smaller aggregate amount to start with. But as a matter of fact revenues had been increasing in greater proportion. Beginning with 1938, the annual ratios of net railway operating income to revenue were successively 10.5, 14.7, 15.9, and 18.7. If the prospective wage rates, prices, etc., had been in effect in 1941, they might have added $360,000,000 to expenses, and net would have been only $640,000,000 instead of $1,000,000,000. But in that case an increase in traffic in 1942, on the Commission's theory, would raise the net to more than $640,000,000. The 1942 net earnings would not fall short of the actual earnings in 1941 by as much as $360,000,000. It would not be necessary to raise rates to an extent which would have produced $360,000,000 in 1941 to assure net earnings of $1,000,000,000 in 1942. Indeed a smaller increase in rates might be compatible with an increase in earnings.

Whenever it is proposed to increase freight rates, on the ground that the railroads need more money, questions always arise as to how the burden should be distributed. Shall the rates on all commodities be treated alike? Are competing producers of one commodity, some of whom are far from their markets, and others near, to be subjected to equal percentages, and therefore unequal amounts of increase? Do some rates primarily benefit roads whose financial condition is serious, while others are paid largely to roads which are in comparatively easy circumstances? The extent to which matters of this kind can be considered depends on the urgency of the situation. If railroad costs have risen rapidly, or are likely to do so in the immediate future, the Commission cannot pause to explore the intricacies of rate relationships. Financial ruin may overtake the carriers in the meantime. Prompt and therefore simple action is called for; injustices must be corrected at leisure.

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In general the Commission approved an increase of 6 per cent. But only 3 per cent was authorized on farm products and on what it called "basic" commodities—gravel and sand; broken, crushed or ground stone; phosphate rock; and certain other products of mines. The increases on coal and coke, although in cents per ton, averaged an even lower percentage.

The widely entertained and legislatively recognized view that farming is less prosperous than other industries was cited as one reason for the treatment of farm products. In so far as increases on foodstuffs are not borne by farmers they may be borne by consumers, in which case, the Commission thought, they would be especially likely to lead to demands for higher wages and thus add to the danger of inflation. Rates on all three kinds of coal—anthracite, bituminous and lignite—were increased rapidly because these fuels compete one with another. The Commission did not explain what makes a commodity "basic", or why this characteristic should result in lower increases.

Coal rates of $1.00 per ton or less were increased by 3 cents (4 cents where the rates apply to a long ton) and higher rates by 5 cents (long tons 6 cents). The great bulk of the tonnage pays more than $1.00. For the most part, therefore, the differentials between producers unequally remote from common markets were not affected. In this respect the Commission followed the railroad proposals. These differentials have been established after bitter contentions among representatives of the various fields and are a touchy subject. Remote producers of refined petroleum, lumber, iron and steel, paper and pulp, and other articles asked that present absolute differentials be preserved in the case of their products or at least that percentage increases be subject to an absolute maximum. From these demands, however, the Commission excused itself on the plea of the emergency nature of the proceeding as well as the limitations of the hastily taken evidence.

The problem of comparative treatment of commodities and that of distance coalesce in the case of materials versus products. Producers near their raw materials, but far from their

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markets, benefit by large increases on materials and small ones on products. Those who are near the markets are favored by the opposite comparative change. To avoid upsetting competitive situations of this kind the same percentage of increase permitted on farm products was also specified for many articles manufactured from them.

The low increases on coal were thought to be justified because the roads principally involved in transporting it were found to be comparatively prosperous. For a similar reason no increases were permitted on iron ore. The Commission felt obliged to allow the 3 per cent increase on farm products because the roads which depend largely on them for revenue are less prosperous than others.

The general question of distance differentials in a period of inflation perhaps deserves some examination. Transportation involves greater cost to the railroads for long distances than for short ones. From the point of view of economic efficiency, production should not be encouraged at places remote from market unless their advantages in other respects are greater than the additional cost of transport. This policy will be promoted if the latter is adequately reflected in the rates. When all costs are rising in monetary terms a larger differential will be needed for the purpose. Uniform percentages of increase, therefore, seem more appropriate than uniform amounts. Such percentages need not curtail the share of remote producers in markets or otherwise injure them. Presumably their advantage in other respects over their competitors has also widened. Indeed if the spread in rates does not widen, the nearer producers may suffer, since their disadvantage in other respects has probably increased. Conceivably failure to broaden the differences in rates might result in waste of resources and man power—an especially serious matter in wartime. In the present case, however, the point was probably not important. The differences in rates involved were not large enough to influence seriously the location of production. War needs will require the full utilization of the capacity of many plants regardless of location and whatever the rate structure may be.

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The danger of general inflation, and the efforts of the Administration to cope with it, introduced an element into the deliberations on rates which was novel for such proceedings. Representatives of the Office of Price Administration appeared at the hearings, but did not oppose the proposals of the railways. There might be instances, they intimated, in which the changes would have objectionable consequences. But readjustments could no doubt be worked out with railroad officials. After the case had been decided, however, and only part of what was sought had been granted, the Office changed its attitude. It asked the railroads to abstain from applying the increases to a number of important commodities, and the Commission to reconsider its approval if the roads refused. In explanation of its reversal of position OPA said that on the one hand the railroads now appeared more prosperous than it had expected and on the other the price situation had become almost "explosive" since December. Both the railroads and the Commission declined to accede to these suggestions.

The additions to freight rates, if imposed on the 1941 traffic, would have yielded $203,000,000. The Department of Commerce estimates the gross value of commodities and services delivered to final users in that year at $114,700,000,000. The rate increases would have been 0.18 per cent of this sum. The ratio for 1942 could not be greatly different. If all the increases had been fully reflected in prices to final consumers they would have caused an over-all price increase of about ⅕ of one per cent. It may of course be argued that increased costs of doing business are exaggerated by percentage mark-ups as goods pass through successive stages of distribution. But even a triple mark-up would have increased prices by ⅗ of one per cent. Perhaps, however, the increases in passenger fares should be included in the calculations. Part of the passenger service is sold directly to final consumers—travelers for pleasure or for personal reasons. On this part there could be no mark-up. The passenger plus the freight increases, at the 1941 level of traffic, $249,000,000, amounted to 0.22 per cent of the gross national product, or 0.66 per cent if a triple mark-up is assumed. These ratios should perhaps be raised

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somewhat, because the gross product total includes some imputed value—i.e., product which was directly consumed rather than purchased in the market. The percentage increases would no doubt be unequal from one final product to another. Furthermore the rise in rail rates would encourage competing agencies to raise their rates. Nevertheless the direct effect on prices in general could not be serious. The initial effect of rate advances would be combined with that of other influences, and the collective effect of all might of course be to precipitate demands for higher wages and otherwise to accentuate the spiral.

Railway charges have played a mild and belated part in the inflationary process, which may be dated from 1940. By March 1942, wholesale prices had risen 24 per cent above the 1940 average level. Retail prices were 14 per cent higher, hourly earnings in manufacturing industries 21 per cent higher. There had been no general change in freight rates until the average increase of 4.5 per cent became effective on March 18. Passenger fares also had been practically constant until the 10 per cent increase on February 10.

The decision of the ICC was in reasonable accordance with long-established national railroad policy. Reliance is placed on private provision of capital, the return on which is conditioned by public regulation. The Transportation Act, in its present form, directs the Commission, when making rates and fares, to bear in mind the connection between operating profits and good and efficient service. It would not be possible to guarantee investors a fixed return year in and year out, regardless of economic changes. Like owners of other enterprises they must take the risk of depression and the rise of powerful competitors. Logically the policy would seem to require that when conditions are more favorable the companies should be allowed to profit from them. For many years after the 1920's they did suffer financially from both causes. After the war they may again face depression and will probably encounter intensified competition. The decision makes it more likely that the comparatively high earnings of 1941 will con-

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tinue during the interim. If these are deemed improper under war conditions they can be taken away by taxation. The immediate financial results might be much the same as those of not allowing them to be earned in the first place, but the effect on the future psychology of investors could be quite different.

For the duration the danger to railway service is not primarily one of financial inability but rather of physical inability to obtain the needed equipment and materials. The most urgent problem is the adequacy of the freight car supply.

At the end of January there were 1,915,000 serviceable freight cars on railroad lines. The Supply Priorities and Allocations Board had tentatively approved the delivery of enough steel to build 36,000. This allotment was confirmed by its successor, the War Production Board, which also approved enough steel for 18,000 more. These figures total 1,969,000 cars. It does not seem likely that the supply can be augmented by repair of unserviceable cars. Much progress was made in this direction in 1941. Previously the percentage of all cars which were unserviceable had never been lower than 5.4, according to the records which begin in 1920. By the end of 1941 the ratio had fallen to 3.3, but since then there has been little improvement. The total cited is probably a liberal estimate of the number of cars which may be available to handle the traffic of next fall. To be sure it includes only those privately owned cars which were on railroad lines on January 31. Some additional cars, then on their owners' property, may emerge into service. On the other hand some cars will have been permanently retired from service; and not all of the 54,000 cars for which WPB has authorized materials may be delivered by fall.

The most acute test of the capacity of the car supply usually comes in October. Not only the total number of ton-miles but also the number per serviceable car is usually higher in that month than in any other. In October 1939 the ratio was 22,249 ton-miles per car; this was the highest performance on

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record. In 1941, however, it was exceeded in each of 7 months. An all-time high was established in October—25,719 ton-miles per serviceable freight car. At this ratio 1,969,000 cars could handle 50,641,000,000 ton-miles of traffic, or 6.1 per cent more than last October. It seems likely that the task imposed upon the railroads this October will exceed the task successfully performed last year by substantially more than 6 per cent. There is a prospect of a temporary blockade, unless the unprecedented ratio of last fall can be further improved.

At least one step has been taken to make the existing supply of cars do more work. Less than carload, or "merchandise" freight, absorbs an extremely large proportion of the total supply of equipment. Unlike carload traffic, it is loaded by the railroads, rather than the consignors, a number of shipments to the car. Because the destinations of consignments diverge after junction points are reached, merchandise is often unloaded from the original car and reloaded into others en route. Usually the load is very small. If cars were held long enough to be filled to anything like their capacity, goods would be intolerably delayed in transit. In 1940, l.c.l. shipments composed only 1½ per cent of the tonnage originated, but required 21 per cent of the total carloadings for their accommodation.

In a pinch, at the risk of some delay in transit, the supply of cars can be made to go farther by higher loading of merchandise. The Office of Defense Transportation has ordered the railroads to load all l.c.l. cars to specified minima beginning May 1, 1942. At the beginning the load was to be at least 6 tons, on July 1 and afterwards 8 tons, and on September 1 and thereafter 10 tons. Average loads will be higher than the minima, for some traffic moving under especially favorable circumstances is already loaded more heavily. The requirements are apparently being observed, for the number of l.c.l. cars loaded declined 20 per cent from the week ended April 25 to that ended May 9. The minimum requirement has been criticized, however, as too inflexible. There is usually more traffic moving over a line in one direction than in the

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other. In the latter, empty equipment moves back. Where the contrast is prominent there may be nothing to be gained by delaying the dispatch of l.c.l. consignments in the direction of lighter traffic until fuller loads can be accumulated.

In addition to taking these immediate measures the railroads were directed to submit more comprehensive plans for the improvement of l.c.l. loadings. Each road operates its own merchandise service. If the traffic were handled, like express matter, by a common agency, higher loads could be achieved without loss of time in delivery. Unifying the service of groups of roads, or of all roads, was suggested as one possible method of economizing. Another suggestion was the announcement of "sailing days", on which alone the shipments ordinarily deposited at stations over several days would be forwarded.

During the last war, because of shortages of shipping and of storage space, receivers of freight failed to unload large numbers of freight cars promptly. The result of this practice is to reduce the total transportation capacity of the car supply. Capacity can be protected by prohibiting the loading of shipments until there is reasonable probability that they will be unloaded on arrival at destination. The danger of tie-up is greatest at the ports. An organization has been set up for the purpose of preventing such troubles from occurring there. The railroads may not accept a car the contents of which are destined for export unless the shipper has obtained a permit authorizing the movement. Permits for shipments to, by, or for the government are issued by the Traffic Control Division in the War Department. Consignors of commercial shipments must first be licensed by the Board of Economic Warfare, after which they may apply to the appropriate office of the Manager, Port Traffic, Association of American Railroads. The general intention is that no carload traffic shall move until steamship space has been definitely arranged. To permit prompt loading of vessels, however, it is contemplated that a limited "bank" of goods ready for shipment may be built up at the ports.

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Restrictions of this kind are designed primarily to delay the initiation of transport until there is assurance that it can be completed. The purpose is to keep capacity high, rather than to ration what is available. A more drastic step is to bar certain kinds of traffic from the railroads altogether. Two orders of ODT have this purpose. One pertains to terminal operations, the great technical weak point of the railroad method of transportation. Switching of cars from one part of a terminal district to another is a devious and time-consuming process. Motor trucks can do the work much more quickly. The order prohibits the movement by railway of less than carload shipments which originate and terminate in the same switching area. Exceptions are allowed if the shipper or consignor does not have facilities for truck transport.

The other order restricts the use of tank cars. Since ocean transport, the usual method of delivering petroleum and its products to the eastern seaboard and the Pacific northwest, has become unavailable, tank cars may be used freely for shipments into these areas. The economy of rail as compared with motor transport is more certain for long than for short distances. Tank car movements of over 100 miles (measured by the shortest rail distance) are unrestricted, as are shipments for the government. Special permission must be obtained from ODT for any other use.

Both the measures intended to increase capacity and those designed to exclude certain uses of it deal with rather special situations. It is conceivable that traffic will continue to grow until the railroads can handle no more of it. Over-all rationing of car supply may be the result. The possibilities of other means of transport are limited, and rationing may be equivalent to the restriction of production itself. Most of the car supply is not as specialized as tank cars but can be used interchangeably to carry a wide variety of goods. Decisions will have to be made primarily on the ground of the relative importance of different articles to a war economy. Direct restriction of production may be preferable to the indirect procedure of rationing cars. Whatever the method, car supply fixes a

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limit to the general expansion of industry. The limit can be extended by permitting the construction of more cars, but the requisite materials are also needed for war uses.

There will probably be no additions at all to the supply of passenger cars during the war. The growing traffic will be accommodated in the existing equipment. In May 1942 a statement by the Director of ODT and a resolution adopted by the Association of American Railroads indicated some of the means by which the situation will be met. Duplication of service by competing lines will be curtailed. Limited schedules will be lengthened to permit more stops. Day coaches will be added to all-Pullman trains. The roads will discontinue special trains to sporting events and conventions. Club, lounge and recreation cars will be dropped. There will be no diners on the shorter runs. In general the adjustment will be made largely by reducing the speed and comfort of the service. Already many trains have become crowded.

The government has endeavored to avoid reliance on rising prices as a means of discouraging civilian consumption which competes with war needs. Something of an exception has been made in the case of passenger travel. Although the increase in passenger fares was twice as great as that in freight rates, OPA did not oppose it. The Revenue Act of 1941 had already levied a tax of 5 per cent on travel. Bargain rates have been discontinued. It is no longer possible to make a "grand circle" tour of the country for $90 in coaches or $180 (including berth) in Pullmans. The eastern railroads have dropped their summer excursion fares.

But price measures are too mild, and more direct restraints will come into operation. Because the assurance of a seat or berth is an essential characteristic of Pullman service there are definite limits to the capacity of the equipment and many would-be travelers will be refused accommodations. Some kind of priority system seems inevitable. No formal restrictions may be placed on coach travel; progressive crowding, discomfort and inconvenience will help to check the growth of patronage.

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It seems unlikely that the circumstances which were thought to justify operation of United States railroads by the government in the first World War will recur in the second. If the organization which has been set up to control export traffic at the source functions effectively there should be no wholesale misuse of cars for storage and hence no reduction of transport capacity from this source. Last time the private interests of owners of individual railroads restricted the taking of measures which would have added to capacity. Companies which had relatively ample supplies of equipment were reluctant to lend it to others who were less fortunate or less provident. The management of each line endeavored to keep traffic moving by longer routes than necessary when their company's share of the revenue would be greater if the shipments followed the longer route. But under present legislation the Interstate Commerce Commission has the power, in an emergency, to direct the use of equipment and the routing of traffic regardless of ordinary private rights. ODT has even broader powers. In an era in which the cultivation of "public relations" is a recognized object of corporate policy the managements themselves may take a wider view of their obligations to their stockholders. In the last war, prices of railway materials and supplies were allowed to rise rapidly, while rates and fares lagged behind them by a financially disastrous interval. As long as this policy, or lack of policy, was adhered to, acceptance of responsibility by the government was almost inevitable, although it could have been accomplished by subsidy rather than by taking over operations. But in the current situation so far the Administration on the one hand has endeavored to control prices, while on the other the Interstate Commerce Commission has permitted increases in charges before the gap became dangerous.

After the war some of the traffic which the railroads have recently been handling will revert to the means of transport by which it moved in peacetime. The ability of those means to compete for the remainder will be intensified. The service which they can render will be improved and the charges at which they can afford to offer it will be reduced. This develop-

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ment will be accentuated if a large program of public expenditure on highways, waterways and air facilities is undertaken—a policy which will no doubt be urged as a way of preventing unemployment. Even so, if national production should attain anything like the levels which have prevailed in 1941 and 1942, and if the prevailing relationship between rates on the one hand and wages and prices of materials and supplies on the other should continue, the railroads would be busier and more prosperous than they were in the 1930's.

On grounds of the contribution to efficiency, transportation service, employment, and purchasing power, there is just as good reason for spending public money on the railroads as on their competitors. But because railroads are privately owned there is reluctance to make the money available on the same terms. It would be a gift to private owners. Interest and the repayment of principal are therefore required, and any improvements become subject to property taxation when installed. Railroad managements cannot accept improvements on these terms unless they will produce additional net revenue out of which the costs can be met. No similar pecuniary test is applied to construction of competing facilities, at least not when the primary object is to provide work and purchasing power. The result must be inefficient distribution of public spending as between railways and other forms of transport. As a solution it has been suggested seriously that the government should acquire railway properties, leasing them to the companies for operation, on the French model. That remedy seems unnecessarily drastic. Compromises should be possible. If the effect of a project on net earnings would be slight, the local authorities might agree to very low rates of taxation and the federal government to very low interest and amortization. In doubtful cases the improvement might be made tax free and the money given outright; the railroads might appropriately bind themselves never to include the improvements in any valuation put forward in a public proceeding. The method has many difficulties, but it would avoid further permanent concentration of public power.

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THE UNEMPLOYMENT INSURANCE SYSTEM AS A SOLUTION TO WAR AND POST-WAR PROBLEMS

THE fundamental financial problem of our wartime economy is posed by the fact that the nation is acquiring and using vast quantities of consumer goods and services in the form of armaments and military services for which the people are not willing to pay in full.

Now, in the market process of a money economy, an equilibrium may be said to hold in a given economic area as long as all the money which is paid out by producers of goods is absorbed again when the goods are sold. If more money is paid back for goods than was paid out in their production, an inflationary condition exists; if less money is paid back than was paid out, a deflationary condition exists.[1] If the provision of armaments and military services were capable of being handled by methods applicable to the market system, the government, acting as a merchandiser, could refuse to put its military wares at the public's disposal until the price was forthcoming. In such a case, the consumers of the war (i. e., the public) would be obliged to pay back to the government an amount approximating the cost of production of the commodity (i.e., the war), and general equilibrium would obtain.

[1] For the purposes of this discussion, the terms *inflationary* and *deflationary* will apply to fluctuations in the general price level of consumer goods which are not initiated by corresponding fluctuations in the prices of factors of production or by changes in the average productivity of factor units. For a general discussion of this problem, see A. C. Pigou, "Types of War Inflation", *The Economic Journal*, December 1941, pp. 439-48.

See also A. G. Hart, "Forced Loans and Social Insurance Taxes as Inflation Remedies", Tax Institute, *Financing the War* (Philadelphia, 1942).

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As long as the public is unwilling to make full payment for the goods which it currently "enjoys", more money is paid out for the production of war than is paid back in the form of war taxes. If the process were that of the market, a deflationary condition would be created in the area of war production. Production would be curtailed, and prices would probably fall. But since the government obviously cannot allow production to drop off merely because it cannot collect its accounts, it resorts to other expedients to keep production going; in the process prices are likely to rise, rather than fall. Deflation in the popular sense does not describe this situation. Nevertheless, it will be convenient here to use the term "deflationary condition" to indicate the situation in which the government's outlay for the implements of war exceeds the income it can collect therefor. The term "deflationary gap" will apply to the difference in dollars between what is paid out and what is taken in in the form of war taxes during any given period.

On the other hand, this dollar difference remains as purchasing power in the hands of the public, which insists upon the right to utilize this purchasing power in the area of civilian goods and services. Consequently, this purchasing power (which we shall term the "inflationary surplus"), added to that created by the production of non-military goods and services by both governmental and private agencies,[2] creates a

[2] A commodity inflation in the government area, although conceptually possible, is a little difficult to isolate. It would obtain if government prices were advanced more than proportionately to the advance in the cost of the product concerned, and would be seen to exist in the case of state and local governments collecting incremental tax revenues proportionately larger than the increases in the cost of services rendered to the public.

The effects of inflation in this field will depend upon (1) the source of the increased revenues of the governmental unit concerned, and (2) the use made of the revenue increment. For example, an increment to state revenues might come from increased income tax collections which are the result of larger incomes. Suppose that this increment is used to extinguish state indebtedness; further, that the creditors paid off use their money to buy United States government bonds. This is a case where disequilibrium arising between subsec-

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surplus which makes it probable that more will be paid in for the purchase of goods in this area than was paid out for their production, thus creating an inflationary condition.

The existence of a deflationary condition in the military goods area, and of an inflationary condition in the civilian goods area, will tend to bring about a bidding away of factors to the latter area. But what the situation actually requires is a violent shifting of factors in the other direction. In a classical economic system, this can be brought about by creating a condition of general disequilibrium in which there would be an inflationary condition in the military goods area and a deflationary situation in the civilian goods area. This would require a tax program which would currently absorb all of the current outlay on war production, plus some of the current outlay on the production of civilian goods.[3]

This is the method of the market, but the folklore of the market, which is often (and often inconveniently) applied to problems of public finance, is not applied here. Taxpayers, regarding the very existence of a war as a sacrifice somehow sufficient, refuse to make full payment for the product which they are consuming (the war program). Business men, regarding war as an abnormal condition, are reluctant to convert factors to war production. Consequently, governments waging war are forced to invent and use other methods than the method of the market to promote and maintain war production—conscription of factors, price control, rationing, and inflation itself.

tions of the non-military goods area tends to promote equilibrium in the economy as a whole.

On the other hand, the revenue increment might come from increased retail sales taxes, as a consequence of the higher tax base resulting from rising prices of commodities sold at retail. Suppose that this revenue is spent (by the state) in the nonmilitary goods area. Clearly, the effect here is to pyramid the rising prices of retail commodities, working an extra hardship on the fixed income groups, and creating a tendency toward general disequilibrium.

[3] Refer to J. R. Hicks, U. K. Hicks and L. Rostas, *The Taxation of War Wealth* (Oxford, 1941), pp. 10-11. As Hicks points out, there is a danger of overdoing the program by throwing factors which are temporarily or permanently inconvertible out of production. This may constitute sheer waste.

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From this point, the discussion will proceed upon the assumption, acceptable to most economists and probably to most laymen, that general inflation is undesirable.[4] We have already described the process by which institutional factors promote disequilibrium between the military goods area and the civilian goods area, resulting in the deflationary gap on one hand, and the inflationary surplus on the other. This makes it necessary to attack the phenomena as distinct phases of the problem. The government, in order to close the deflationary gap (i. e., to replace the money which goes into the inflationary surplus), must put new money into circulation. This means that the gap will be closed without diminishing the pressure of the inflationary surplus. The inflationary process will be stimulated to the extent that the government is forced to bid against civilian goods consumers for factors (i.e., the extent to which it must rely upon monetary incentive instead of upon conscription of factors) in the face of the inflationary surplus in the hands of the latter. In this process, the inflationary surplus is likely to grow proportionately larger, making for still greater inflationary pressure. Hence the war economy gets into an inflationary spiral.[5]

Given the condition of disequilibrium, one aspect of which is the inflationary surplus, and assuming that inflation is to be avoided, there is clearly only one course to be followed. This is the course, adopted by most modern governments in wartime, of erecting barriers against the inflationary pressure created by the inflationary surplus, barriers in the form of price controls and rationing.[6] However necessary these con-

[4] For a reconsideration of the reasons why, see A. G. Hart and E. D. Allen, *Paying for Defense* (Philadelphia, 1941).

[5] For an arithmetic demonstration of this process, see Hicks, *et al., op. cit.*, pp. 13-16.

[6] Even if disequilibrium did not exist between the military and the non-military goods areas, price controls and rationing would probably be necessary to preclude maladjustments between subareas. For example, a situation might arise where those in possession of certain kinds of goods might take advantage of their position by dumping these goods on the market in order to obtain certain other goods, e.g., scarce consumer goods. Also, these controls are necessary to immobilize previously accumulated money hoards.

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trols may be, the fact remains that they are only barriers against the play of vigorous forces. As time goes on and more and more money accumulates in the hands of consumers, due to the curtailment of facilities for spending, the greater becomes the inflationary pressure, and the greater is the danger that these barriers will break down. For this reason, the people of the nation, the "consumers" of the war, must be persuaded to make their current payments therefor as large as possible so that gap and surplus, and consequently inflationary pressure, shall be kept as small as possible.[7]

The problem of collecting sufficient revenue to establish general equilibrium can be solved either by raising the rates of current taxes, or by introducing new revenue yielding devices. Since no one imagines that rates of existing taxes will be raised enough to establish equilibrium, although some steps in this direction are being taken, the only remaining solution is the introduction of new revenue yielding measures.

From this point we shall confine the discussion to the problem of abstracting from the public that portion of the inflationary surplus which is in the hands of individual consumers, as opposed to the portion accruing to business enterprises.[8] The solutions to our problem most frequently proposed are (1) a federal sales tax, and (2) the compulsory savings scheme popularly known as the Keynes plan.[9] But the sales tax is essentially a defeatist proposition; in that it raises prices to the consumer it has many of the bad characteristics of inflation itself. Therefore, if we eliminate the sales tax as a useful device, we have left only some variation of the compulsory savings scheme, the consideration of which is the main topic of this paper. To many people, it has seemed all along that

[7] Obviously, the problem of timing is involved in this connection. The form of our present income tax makes it possible to delay income tax payments for over a year after some of the income involved has been received. However, this presents few theoretical difficulties which cannot be solved by the introduction of a withholding tax, and will not be taken up here.

[8] For an excellent discussion of the latter problem, see the chapters on the excess profits tax in Hicks, *et al., op. cit.*

[9] J. M. Keynes, *How to Pay for the War* (New York, 1940).

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such a weapon is too valuable to go unused, and that the government will ultimately be obliged to adopt some variation of the plan if the war lasts long enough.[10]

In the following discussion, it will be useful to conceive of the mechanism of such a plan as being divided into two parts: (1) a war tax on earnings (as a means of increasing current payments for current war consumption); and (2) a system of rewards which will make this war tax acceptable to the public. The essence of the scheme is, of course, that the rewards are attached only for the purpose of making the tax politically acceptable, i.e., to create a connection in the mind of the taxpayer between present sacrifice and future benefit which is less intangible than the benefits conferred by the knowledge that inflation has been avoided.

In order to maintain the distinction between the two parts of this mechanism, and in order to avoid confusion of the tax involved with other taxes, it will be useful to refer to the tax part of the mechanism as the *war savings tax*. The compensation for the payment of these taxes can then be referred to as the *war savings tax compensation*.

The reason for considering a "compulsory savings" scheme of any sort is based upon the assumption that compensation for payment of some "marginal" taxes will have to be extended to the public in order to get an adequate tax program accepted. It should be remembered that this is a wartime measure and that the primary objective is the achieving of equilibrium between the civilian and military goods areas, in so far as is possible. However, there is another consideration which should be kept in mind when planning a program of war savings tax compensation—the possible effects of such a program upon the post-war economy. This requires, first of all, the formulation of post-war objectives. Compensation plans may then be devised which seem, in the light of our present knowledge, best to contribute to the fulfilment of these objectives, so long as they do not conflict with the achievement of the primary objective.

[10] It will be remembered that the British government introduced such a plan in the 1941 budget.

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Many post-war aims which might be thus accomplished could be advanced. However, without going into welfare economics or cycle theory to substantiate the point, the writer proposes to advance two objectives which seem to him of major importance in this connection, and to let the rest of the discussion stand or fall upon the acceptability thereof. Stated broadly, these are: (1) the maintenance of post-war employment at a high level, and (2) the avoidance of post-war inflation.

With these objectives in mind, the problem of timing becomes all important in planning for the release of the purchasing power which will constitute the war savings tax compensation. Manifestly, the least propitious time to release purchasing power which has not been created by any current productive process is in a period when a high level of employment already prevails, or at a time when the short-run supply curve for most civilian consumer goods is relatively inelastic—a situation which promises to obtain for a period following the termination of hostilities. Conversely, if the validity be granted of the conception of the cycle as a cumulative process, the best time to release such purchasing power will be when the level of employment starts to fall, so that a check may be put on the reduction of purchasing power which puts the cumulative forces into play.

In the Keynes plan, the war savings tax compensation takes the form of deferred purchasing power equivalent to the amount of the taxes which have been paid. The mechanism works through blocked savings accounts, which are to be unblocked at the close of the war "by a series of instalments at dates, not unduly delayed, to be fixed by the Government." [11] Thus the plan has the political advantage of providing the link between current abstinence and future benefits which is the substance of our institutional ideas as to what constitutes saving.

But when we come to consider the application of the Keynes system of compensation to the post-war economy, it begins to

[11] Keynes, *op. cit.*, pp. 45-46.

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look like a rather dull tool. Presumably, the first instalment payment would have to be made in the immediate post-war period in order to accommodate the people who are thrown out of jobs by the cessation of the war. Purchasing power, however, would have to be released to unemployed and employed alike, at a time when the post-war economy has not had time to shift from a wartime basis and start the production of consumer goods. In the hands of the unemployed, this released purchasing power can do no harm, since they must be provided for anyhow, and since presumably they will not be able to raise their standards of living during the periods of their unemployment. On the other hand, those who retain their jobs are likely to find their income augmented (over the war level) in two ways: (1) the removal of the war savings tax and the lowering or removal of other taxes, and (2) the release of their hitherto blocked savings. This would serve to promote an inflationary surplus which might be just as economically harmful then as now. Keynes suggests that a capital levy might be imposed to finance the release of purchasing power to the war savings tax payers;[12] if imposed at this particular time, such a measure might serve to cut down the inflationary pressure to some extent, but there is no reason to believe that it would entirely solve the problem. On the other hand, it would probably delay conversion to peacetime production.

Since it seems to be Keynes's specific intention that the compensatory purchasing power be released during cyclical slumps, it is possible that he would propose some other means of taking care of the unemployed immediately after the cessation of hostilities. Even so, his proposal to release purchasing power at the onset of recessions seems not very well adapted to conditions in this country. Besides being politically difficult, it has basic economic defects. To achieve the best results, purchasing power should be released in the geographical areas where, and at a time when, unemployment begins to make

[12] *How to Pay for the War*, pp. 48-50. Note, however, Keynes's warning against the imposition of a capital levy during a cyclical slump.

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itself felt. This would involve the use of some index of unemployment, and the arbitrary selection of some point on that index at which purchasing power would be released. It looks as if economic techniques will have to be considerably improved, and economic sophistication considerably advanced, before such a device would be feasible here.

An alternative to the Keynes proposal, and one which the writer believes has many advantages, is the use of the social security mechanism to link up the war savings tax with post-war benefits, and to make possible the distribution of the latter on a mechanical basis. The devices which might be utilized are, of course, the unemployment insurance system, and the old-age pension system. Since the utilization of the former seems more promising, let us consider its possibilities first.

Briefly, a plan utilizing the unemployment insurance mechanism would be superimposed upon the present unemployment insurance system. Taxes on earnings [13] would be levied, comparable to the old-age pension taxes now levied, except that some provision should be made for the exemption of a level of minimum subsistence; the maximum yearly income subject to such a tax might be fixed somewhere in the neighborhood of four thousand dollars. The amounts paid in would constitute a fund to be drawn upon in the post-war period by individual contributors upon the contingency of their becoming unemployed; withdrawals would be made by periodic instalments, as with the present unemployment insurance set-up, the amount of each payment to bear some relation to the total of the individual's war savings tax contribution. Such a plan has several advantages over a purely "compulsory savings" plan, such as the Keynes plan, on the one hand, and a pure tax, on the other.

1. The plan provides an extra cushion (in addition to that provided by the present unemployment insurance system) to absorb the violence of the shocks which are likely to be suffered by reason of the radical readjustments which the post-war

[13] The possibility of including other types of income will be considered later on.

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period will presumably require. At the same time, it avoids creating an inflationary surplus such as would result were payments made to those who retain their jobs. Thus the plan is seen to integrate solutions to three major problems of war finance, i. e., (a) the avoidance of an intra-war inflationary surplus, (b) the provision for post-war readjustments, and (c) the avoidance of a post-war inflationary surplus.

2. The scheme retains the stabilizing features of the present unemployment insurance system by providing for the release of purchasing power at the times when, and in the geographical areas where, production and employment begin falling off. Hence, it provides an automatic stimulus to the economy at the moment employment begins to drop. (As regards recession periods subsequent to the immediate post-war readjustments, this observation applies, obviously, only to that portion of the "fund" which is not absorbed in the course of the latter.)

3. The plan rests upon an existing institution, which can be used as a basis for influencing the public in its favor.

4. In the post-war period, the necessity for making more considerable payments to the unemployed will provide more of a lever to influence the government itself to make strenuous efforts to keep employment at a high peak, and thus avoid the waste of human resources through unemployment. In other words, the futility of making payments to idle men instead of to men engaged in creating public services or increasing public capital should be easier to demonstrate.

One of the major questions to be raised in connection with such a plan is whether it should be run on an insurance basis, or whether the maximum amount of benefit to be withdrawn by an individual in the contingency of unemployment (aside from the benefits to be derived under the present unemployment insurance system) should be only the amount contributed in the form of war savings taxes by the individual worker. The latter scheme turns out to be a tax upon the contributor, with the privilege of withdrawing part or all of his contribution in the contingency of post-war unemployment. This is analogous to the proposed schemes for remitting part of the

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taxes on excess profits to businesses which get into financial difficulties after the war, and might conceivably be worked out as a complement to such a plan. This plan, however, might create a feeling of resentment on the part of the contributors on the grounds that their "savings", not a matter of choice, cannot yield them, either individually or as a group, the benefits of a voluntary decision to save, since an individual would not be able to draw on his "savings" until he became unemployed. In other words, there is a danger that the compensation for making the war savings tax payments might not be regarded as sufficient.[14]

If, on the other hand, the plan is put on an insurance basis, the effect would be the enlargement of the present unemployment insurance "reserves", with employees instead of employers making the additional contributions, and with the coverage presumably extended to people not currently included in the unemployment insurance program. Cash benefits to individuals would considerably exceed benefits allowable under the plan previously described, whereby the maximum withdrawals allowable would be the total amount which the individuals respectively concerned contributed in war savings taxes.

From one point of view, contributions to such a "fund" would constitute loans by the contributing group as a whole, to be repaid in the form of unemployment insurance benefits; but from another point of view, as we have seen, they might be regarded as an injunction against permitting unemployment to become prevalent, in view of the penalties involved.

Theoretically, the difficulty with this arrangement is that it involves the necessity of calculating the post-war unemployment risks in order to determine the size of the benefits to be extended. Since this is a problem which runs in terms of imponderables, calling the device an insurance plan is, strictly speaking, a fiction. Hence the size of the benefits can be deter-

[14] The individual credits might be increased by the "payment" of interest, but it would seem only reasonable that the rate of interest should be lower than that on voluntary savings. Consequently, the increment would be relatively small.

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mined only on an arbitrary basis. Within limits, however, the mechanism would be self-compensating; for example, the larger the proposed payments the greater the pressure that would develop upon the government to make provisions for the prompt eradication of unemployment whenever it appeared. Furthermore, it might be argued that larger payments to individuals would furnish more of a stimulus to the economy and prevent unemployment from becoming more prevalent than would otherwise be the case.

Next the question arises as to whether the tax should apply only to wage and salary earners who would suffer loss of income through unemployment. Such a tax might be held discriminatory as between wage and salary earners and those who draw their income from rents, interest and dividends; and in a time when the pinch of declining standards of living is being felt more and more acutely, the charge of discrimination might well overweigh the inducements of the compensation clause.

Theoretically, there is no reason why such a plan should stop with insuring against the contingency of loss of income through unemployment. A person deriving his income from dividends might be protected against loss of income through profit-and-loss statement deficits in a post-war slump. Indeed, this is what would happen if rebates on excess profits tax payments were granted to corporations getting into financial difficulty. Similarly, holders of bonds of corporations and governmental jurisdictions might be protected against the cessation of interest payments in case of bankruptcy of such an institution.

The difficulty, however, arises that such plans would seem to present almost insuperable problems of administration, partly because of the confused state of the present corporation tax structure. Furthermore, this would require new machinery, while the administration of the unemployment insurance plan already exists. Consequently, it would appear that other means, such as extremely high excess profits taxes, might well be provided to counterbalance the objections raised on the score of discrimination. Then too, if the alternative were seen to be a federal sales tax, the objections might be less intense.

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Another objection might be raised on the score that the plan discriminates against the contributor who feels tolerably sure of keeping his job, as opposed to the workers who are tolerably sure of losing theirs. This brings up the question as to whether some form of old-age pension might not be appended to the plan, as a matter of increasing the inducement for paying war savings taxes.[15]

A fairly obvious solution would be to credit each war savings tax payer's account with the amounts which he has paid, and eventually pay this amount back to him in the form of an old-age pension, less the amount which he withdraws in the form of benefits during the periods of unemployment. But if we make the assumption that unemployment is beyond the control of the individual worker, this plan seems to weight unduly the operations of chance against the individual who suffers considerable periods of unemployment, as against another who is fortunate enough to be continuously employed and thus conserve his entire credit for his old age. This would constitute a form of discrimination more unjust than the one we are trying to avoid.

This leaves the alternative of dividing the individual's war savings tax credits into two parts, one of which will be put into an unemployment insurance pool, and the other into an old-age pension reserve. Or, the problem might be solved by adopting Keynes's suggestion of permitting exemptions of life insurance premium payments, which solution would funnel savings into government hands via the insurance companies.

The writer feels, however, that there are logical defects in such an arrangement, as well as in the basis advanced therefor. In the first place, it may be argued that the security of post-war employment in any field will depend upon the degree of stabilization achieved in the economy as a whole. To the extent that such stabilization is promoted by the payment of unemployment insurance benefits, some people will retain their

[15] Keynes has met the question with a proposal to exempt life insurance premium payments by deducting them from the war savings tax proper. *How to Pay for the War*, p. 45.

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jobs who otherwise would have lost them. This partially answers the objections raised on the grounds of discrimination. In the second place, it should be remembered that this is a war finance measure. The old-age pension device does not maintain the logical link between the necessity for mopping up purchasing power during the period of hostilities, a necessity created by the war, and the release of this impounded purchasing power in the post-war period to help correct maladjustments also caused by the war.

Thirdly, the old-age pension mechanism does not directly contribute to the fulfilment of the post-war objectives which we have set up, since release of purchasing power in the form of old-age pension payments does not take any account of cyclical conditions prevailing at the time of release. Finally, the inclusion of the old-age pension device would tend to make the scheme more complex, both from the standpoint of administration, and from that of public understanding. If these objections are valid, then the disadvantages attaching to the inclusion of the old-age pension device would seem to overweigh its advantages in the way of political appeal.

Singularly enough, one of the objections that have been advanced against the adoption of a "compulsory savings" plan has been that such a plan would involve an excessive money cost to the government, and consequently an undue increase in the national debt. Hence, in conclusion something should be said about the money cost to the government of providing the compensation for the war savings tax, as compared with alternative financial measures.

In the first place, there can be no question of the money savings pertaining to any course which avoids inflation. Not only does the government save by reason of the lower prices which it pays, but it avoids the necessity of outlays to alleviate the social and economic maladjustments which are the inevitable product of inflation.

Secondly, we have seen that the primary purpose of a mechanism of this sort is to induce the taxpayers to make current payments for the war. To the extent that they do not

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make such current payments, the government must turn to other sources to fill up the deflationary gap. Consequently, even supposing that the inflationary surplus can be sterilized by rigid price control, the government under such conditions cannot avoid an immediate increase in the amount of its obligations at least equal to the amount which it would otherwise abstract from the public in the form of war savings taxes.

On the other hand, the government, under the unemployment insurance plan, would be under no obligation until unemployment among the war savings tax payers appeared in the post-war economy. The total amounts of the outlay will depend upon the number of unemployed and the duration of their unemployment — but in any case the payments would probably not exceed the deficit expenditures which the government would have been obliged to make in any case. If our assumptions are correct, such a device should not involve a greater cost to the government than the course of financing the war entirely by taxes, even providing the latter program were politically feasible.

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THREE YEARS OF THE PROTECTORATE OF BOHEMIA AND MORAVIA

MARCH 16, 1942 marked the third anniversary of Adolf Hitler's proclamation creating the Protectorate of Bohemia and Moravia. During the three years that have passed since their incorporation into the Greater German Reich, the two Czech provinces have been subjected to revolutionary changes, the consequences of which cannot as yet be fully assessed. Germany, determined to make good her "promise" to restore to the Czech lands their "true position and natural functions" within the *Lebensraum* of the German people, wasted no time and spared no effort to wrest from the Czech people control over their own destiny and to reduce them to permanent dependence upon the Reich.

In executing her designs, Germany employed both chicanery and terrorism. Her initial mollifying tactics failed completely. The early passive resentment of the Czechs soon developed into open contempt for their conquerors, manifesting itself in numerous incidents of sabotage. By the end of September 1941 Germany could no longer ignore this increasingly overt hostility, and the Czechs were then exposed to the undisguised ruthlessness of the Gestapo, under the leadership of Reinhardt Heydrich.

This article is an attempt to describe the political, legal and economic measures that have molded the Protectorate into its present form.[1]

[1] This study was completed prior to the attempt on May 27, 1942 on the life of Reinhardt Heydrich who, for eight months until his death on June 4, occupied the position of Reich Protector. The assault on Heydrich was the Czech peoples' retribution for the régime of terror instituted by him. It attests to the defiance of the conquered people and their unwavering resistance to their Nazi oppressors. The unbounded fury of the Nazis has already resulted in the mass execution of more than one thousand known Czech patriots and has led to the form of vengeance of which Lidice and Lazaky have become a symbol. But it does not appear that any fundamental changes have thus far taken place in the status or administration of the Protectorate, as described in the following pages.

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I

From both the political and juridical points of view the Protectorate of Bohemia and Moravia is *sui generis*. It is predicated on the German thesis that the two historic lands have "for a thousand years belonged to the living space of the German people" [2] and that they must, therefore, forever submit to the hegemony of the Reich.[3]

According to the Proclamation of March 16, 1939, establishing the Protectorate, the Czech provinces "belong henceforth to the territory of the Greater German Reich and enter under its protection as the Protectorate of Bohemia and Moravia." The relations between the protector and the protected are governed by the principle of the precedence of the political, military and economic interests of the Reich.[4] No attempt has been made by the German authorities to define the limits of these interests; but the unilateral operation of this principle in favor of Germany is evident from the measures adopted by the Nazis in, and in respect of, the Protectorate.

By the terms of Article III of the Proclamation, the Czechs were granted autonomy in their domestic affairs. They administer their governmental business through their own authorities, and exercise the prerogatives which fall to them within the framework of the Protectorate. Except for the obvious changes accompanying the establishment of the Protectorate, for example, the abolition of the Ministries for Foreign Affairs and War,[5] the forms of public administration of the autonomous government resemble those of the former Republic. The Protectorate government is composed of the Head of State and his Cabinet. The latter consists of a Premier *inter pares* and

[2] Proclamation of Adolf Hitler of March 16, 1939. Text in *Die Gesetzgebung Adolf Hitlers*, Werner Hoche, ed., vol. 31, 1939, pp. 54-57.

[3] K. H. Frank, "Die politische und voelkerrechtliche Stellung des Protektorats", *Der Neue Tag*, June 25, 1941.

[4] Article III, Proclamation of March 16, 1939.

[5] *Ibid.*, Article VI.

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the following ministers: Interior, Finance, Education and Culture, Justice, Public Works, Agriculture, Health and Social Welfare, and Industry, Commerce and Handicraft. Among other central administrative and judicial bodies may be included the Supreme Price Control Authority, Supreme Auditing Authority, the Supreme Court, Supreme Administrative Tribunal and the Bureau of Statistics.[6] To maintain internal order, the Protectorate government was granted the authority to organize a militia composed of 7,000 men, including 280 officers, in addition to a corps of 200 military and 300 civil officials. The militia, headed by an Inspector General and a liaison officer accredited to the German Army, consists of twelve battalions, each composed of one infantry, one motorized, one cavalry, and one technical company. Administratively, the country is divided into three Inspectorates, with respective headquarters in Prague, Brno and Hradec Králové (Königgratz).[7]

Closer examination reveals that Czech autonomy is merely a fictional guise. It is limited by the unrestricted authority wielded by the Reich Protector, and by the fact that the autonomous government can exercise its prerogatives only "in accordance with the political, military and economic interests of the Reich."[8] It is further limited by the special juridical position of the German population in the Protectorate, which creates a state within a state.

The care of German interests is entrusted to the Reich Protector, who as representative of the Führer, as well as of the

[6] Hermann Hufnagel, "Organization der Verwaltung im Protektorat Böhmen und Mähren", *Böhmen und Mähren*, Prague, vol. I, No. 1, April 1940, p. 27. See also *Das Archiv*, No. 61, April 1939, p. 108.

[7] Decree of the Reich Protector, August 17, 1939. *Das Archiv*, No. 65, August 1939, p. 619.

[8] Article XII of the Proclamation of March 16, 1939 declares that the law in force in Bohemia and Moravia is valid "except in so far as it contradicts the spirit of the protection undertaken by the German Reich."

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Reich government, is charged with carrying out the lines of policy laid down by the Führer, to whom he is directly responsible.[9] Actually, the Reich Protector is the exclusive source of legislative and administrative power in the Protectorate. His authority is defined in the Proclamation of March 16, 1939 and in the subsequent decrees relating to the administration of the Protectorate. According to Article V of the Proclamation, the appointment of members of the autonomous government must be confirmed by the Protector who may, at his discretion, also withdraw his confirmation.[10] He has the right to inform himself, and to give advice, about all measures taken by that government, and his objections annul the promulgation of laws, decrees and ordinances as well as the execution of administrative measures and judicial decisions by the Czech authorities.[11]

The power of the Reich Protector was further increased by the decree of June 7, 1939[12] which empowered him to modify the terms of the autonomy of the Protectorate as defined in the Proclamation of March 16, 1939 if, in his opinion, the "common interests" so required. He also had the right to determine what local laws contradicted the spirit of "protection" undertaken by the Reich, and he could promulgate laws and decrees of any kind, if he thought that delay might prove harmful. A decree issued on September 1, 1939[13] empowered

[9] Article V, Proclamation of March 16, 1939. See also Decree of March 22, 1939, *Die Gesetzgebung Adolf Hitlers*, vol. 31, pp. 1111-1112.

[10] The Head of State must enjoy the confidence of the Führer and Reich Chancellor. For the oaths of office taken by the members of the cabinet and public officials pledging loyalty to Adolf Hitler and the Head of State, see *Der Neue Tag*, March 13, 1940.

[11] A decree of the Reich Minister of Justice, April 4, 1940, gives the Reich Protector the right to veto decisions of non-German courts in civil cases, including those involving labor problems, as well as to set aside decisions of non-German courts issued prior to the establishment of the Protectorate. See *Der Neue Tag*, April 9, 1940.

[12] *Die Gesetzgebung Adolf Hitlers*, vol. 32, pp. 689-690.

[13] *Deutsches Kriegsrecht*, Werner Hoche, ed. (Berlin, 1939), Ergaenzungslieferung I, C VI 4.

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the Reich Protector to request the Czech government to report to him, perforce, on all matters he may deem necessary, and to prescribe the same procedure for the local Czech authorities with respect to his subordinates. Laws, ordinances and regulations enacted by the Czech authorities which apply to more than one administrative province, as delimited by the Germans,[14] must be submitted to him for approval prior to their publication. Similarly, the Reich Protector and his designees may request the submission for their approval of administrative measures and judicial decisions prior to their promulgation or execution.

The autonomy of the Protectorate is even further violated by the authority of the Reich to legislate directly for the Protectorate in those domains which fall into the category of "common interests".[15] Since these "common interests" cut across every section of public and private life, the Protectorate has been subjected to an ever increasing and burdensome regimen of German legislation. The Reich also reserved the right to incorporate administrative branches of Bohemia and Moravia into its own administration and to take measures necessary for the maintenance of law and order.[16] In addition to directing the foreign affairs of the Protectorate and providing for its military defense, the Reich exercises supreme control over the postal and transportation systems of Bohemia and Moravia, which are under its direct charge.[17] Since the outbreak of the war more and more administrative branches have been incorporated into the Reich administration. Furthermore, by the decree of September 1, 1939 the authorities of the Protectorate must submit to the orders of the Gestapo, which have given the Reich and the German authorities within the Protectorate unlimited police power.

[14] *Cf.* p. 359.

[15] Article XI, Proclamation of March 16, 1939.

[16] *Ibid.* Thus, by the Decree of September 1, 1939, the Czech secret police and, "in so far as required by the introduction of German criminal law", also the criminal police were taken over by the German administration.

[17] Article VIII, Proclamation of March 16, 1939.

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Illustrative of the status of the Protectorate is the provision in the Proclamation of March 16, 1939 which divides the population of the Protectorate into two categories, each subject to different jurisdictions. According to Article II, the German inhabitants are declared to be German nationals and, in accord with the Reich Citizenship Law of September 15, 1935, Reich citizens. They are subject to German jurisdiction. The remainder are nationals of the Protectorate. The latter include all former Czechoslovak citizens who, on March 16, 1939, had their legal residence in any community within the territorial limits of the Protectorate; all those who, on October 10, 1938, resided in the territories ceded to Germany at Munich but who retained their Czechoslovak citizenship, or opted for the same; and, finally, all former Czechoslovak citizens of Czech nationality who, on the day of the proclamation of the Protectorate, had their legal residence either in Slovakia or in Carpatho-Ruthenia.[18]

The division of the population into German citizens and nationals of the Protectorate necessitated the creation of two parallel administrative systems and created a state within a state. The Reich Protector is not only the "guardian" of Germany's political, military and economic interests, but he also exercises a novel form of comprehensive extraterritorial jurisdiction over the German citizens in the Protectorate. In his office are centralized all the activities of the manifold bureaus and administrative branches established by the Germans. They refer not only to such bodies as were established concurrently with, and are incidental to, the Protectorate and the Office of Reich Protector, but also to the myriad Nazi political, legal, economic, social and cultural institutions which have been transplanted into the Protectorate for the benefit of the local German population and for the exercise of German jurisdiction.[19]

[18] Decree of the autonomous government, January 11, 1940. *Der Neue Tag*, January 19, 1940.

[19] See *Der Neue Tag*, July 16, 1939. *Das Archiv*, No. 64, July 1939, p. 501. The State Secretary, as leader of the S.S., is also head of the police. Hufnagel, "Organization der Verwaltung im Protektorat Böhmen und Mähren", *Böhmen and Mähren*, vol. 1, No. 1, April 1940.

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For administrative purposes, the Protectorate is divided regionally into *Oberlandratsbezirke*, at the head of which is an *Oberlandrat*, or County Councilor.[29] The latter is directly responsible to the Reich Protector and supervises and controls all German administrative bodies within his district, with the exception of the Armed Forces, the Reich Labor Service, Financial Administration in so far as tariffs are concerned, the Reich Post Office, Railroad, and Judiciary. His competence extends in general to all matters which are not reserved to other organs. Germans may directly appeal to him for help and advice on civil matters, citizenship questions, granting of passports and transit permits, employment and general economic questions.[21]

The existence of the two parallel administrative systems virtually nullifies Czech autonomy. The relation between the local German authorities and the corresponding Czech authorities is that of superior to subordinate; for, the *Oberlandrat* is but a reduced prototype of the Reich Protector, charged with the supervision of the local Czech authorities.[22] Thus, the subordination of the Czech people is manifest even in their local affairs. The operation of the German judicial system in the Protectorate may be cited as evidence.

The German judicial system was extended to the German nationals by a decree of April 14, 1939.[23] One Supreme Court in Prague, two County Courts respectively in Brno and Prague, and thirteen district courts throughout the Protectorate pronounce judgment in the name of the German people and follow, with certain modifications, the law of the Reich. Furthermore, the Protectorate is within the jurisdiction of the *Reichsgericht* as well as of the People's Courts. Although ostensibly introduced for the benefit of the German nationals, the competence of the German courts is as unbounded as the

[20] There are nineteen such districts; twelve in Bohemia and seven in Moravia.

[21] For a brief description of the function of an *Oberlandrat*, see *Der Neue Tag*, December 21, 1939.

[22] Articles V and VI, Decree of September 1, 1939.

[23] *Die Gesetzgebung Adolf Hitlers*, vol. 32, p. 697.

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authority of the German administration. Their jurisdiction extends also over persons of non-German nationality in cases where German penal law is applicable. Such cases are unlimited, for they include a variety of offenses against German political, military and economic interests. The jurisdiction of these courts also applies to cases in which one of the parties is a German national, as well as to any civil case before the Czech courts, which comes up for re-trial after an original decision has been set aside by the Reich Protector.[24]

II

The presumptuous German claims of "co-ownership" with the Czechs of the land of their birth or adoption, not as nationals of the Protectorate but as Reich citizens, further disrupted the unity of the Czech national community. Since the Germans, as citizens of the Reich, no longer belong to the Czech body politic, it is necessary to avoid identifying the issues which they raise today with similar ones posed by them during the existence of the Republic, when they constituted one of several national minorities in Czechoslovakia. The principle of separatism has superseded the principle of symbiosis, or coexistence of majority and minority on the basis of individual autonomy. While enjoying the rights and privileges of nationals of the Protectorate, the 250,000 Germans[25] are released from the corresponding obligations and duties. They owe allegiance and loyalty exclusively to the Reich and possess their own exclusive political, economic, cultural and social organizations. The Germans have become, to all intents and purposes, a foreign population whose privileged position constantly threatens the unity of the Czech community.

Thus, on July 3, 1939 the Reich Protector decreed the dissolution of the elected Czech municipal administrations in the cities of Brno, Jihlava, Moravská Ostrava, Olomouc and Budějovice. Except for the last-named city, where a Czech government commissar was permitted to continue in office, the

[24] Decree of the Reich Minister of Justice, April 4, 1940.

[25] As of September 1938. See Robert J. Kerner (ed.), *Czechoslovakia: Twenty Years of Independence* (Berkeley, 1940), p. 187.

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dissolved administrations were replaced by German commissars appointed by the Reich Protector. The action was explained thus:

> The decree of the Reich Protector is an act of reparation for the measures of the Czech régime taken twenty years ago in ejecting the German administrations in these five cities after the constitution of the Czechoslovak State. The Czech communal laws gave the Czechs a considerable majority, whereas up to 1910 these cities had German majorities.[26]

It is difficult to ascertain the validity of the German charges; but when we consider that, according to the census of 1930, the total number of Germans in the five cities amounted to 108,000 against a Czech population of well over 400,000,[27] the dissolution of the Czech municipal administrations bears the mark of an act of vengeance rather than of amends. The Czech population was not only deprived of local self-government, but was also placed under the rule of German commissars. It represents a particularization of the general policy of Germanization zealously pursued throughout the Protectorate.

The German treatment of the cities under their administration may be gleaned from a report to the Nazi Party district conference, held on April 12, 1941, by the Commissar of Olomouc, Dr. Czermak. He boasted that when he entered office in July 1940, only 7 per cent of approximately 1,200 city officials and employees were German, and in nine months the proportion of Germans increased to 25 per cent. Continuing, the German commissar declared that the city was German-led, that the streets bore German names, that the German library, music school and other German public buildings were "restored" and the German school system improved. Furthermore, the German Theatre was assured of an annual income of 400,000 crowns, to be provided in equal shares by the communal treasury and Reich subsidies. He assured his audience that this process of "Germanization" would be accelerated.[28]

[26] See *Das Archiv*, No. 64, July 1939, p. 500.

[27] See *New York Times*, July 5, 8, 1939.

[28] See *Der Neue Tag*, April 13, 1941.

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"Germanization" was forcibly imposed on the other municipalities with slight variations. Wherever the appointment of German commissars was not feasible, other means were found to assure German control, as in the case of Prague. On December 12, 1939 the Governor of Bohemia issued a decree abolishing the democratic form of local government in favor of the German form of municipal administration.[29] By the terms of the decree the incumbent in the office of Mayor, a Czech, was reappointed as government commissar with the title of Primator, the Executive Council was abolished, and the Administrative Committee reduced to an Advisory Body. The incumbent in the office of Vice-Mayor, a German, was reappointed as Vice-Primator, who was given the authority to compel officials and municipal authorities to report to him on all measures within their competence, while his countersignature was made obligatory over all decisions made by the Primator alone. The Governor reserved the right to overrule both, decisions of the Primator which are not countersigned by the Vice-Primator, and measures taken by the subordinate officials without reporting them previously to the Vice-Primator. In this manner, the latter, as the representative of the local German population, was set up as the virtual dictator over the municipal affairs in Prague.

The Vice-Primator looks upon his position as that of guardian of German interests rather than those of the entire community. This is evident from a statement on the affairs of the city, which he made on January 23, 1940: "For three generations," he declared, "the German population was unjustly treated by the City of Prague. . . . The events of March 15, 1939 opened a new era for the Germans in Prague. The Germans became 'co-owners' of the City of Prague. . . . Today, at last, care is taken that Prague shall become also for the Germans a real mother and true home. . . ."[30] The Vice-Primator also gave a general picture of the advantages accruing to the Germans since his accession. The Germans, he said,

[29] *Der Neue Tag*, December 31, 1939.

[30] *Ibid.*, January 24, 1940.

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had succeeded in obtaining a fuller share of the funds for their social, cultural and educational institutions; an increase in the proportion of German officials and employees was being assured; German purveyors, artisans, merchants and industrialists were receiving their share of contracts from the municipality and its institutions; and German physicians would be employed in the service of the city's various social and health institutions. In conclusion, the Vice-Primator declared that the Germans were endeavoring to place the German schools under the jurisdiction of the city, as were the Czech schools, in order to assure the necessary subsidies from the municipality.[31]

The Germans invaded the cultural life of the Czechs when, on July 5, 1939, they forced the autonomous government to issue a decree placing the German language on a par with the Czech language, "in order to remove the language problem in Bohemia and Moravia from the old atmosphere of national prestige."[32] It was evident that German would soon become the predominant language. According to the decree, ordinances and other legal regulations binding upon the general population must be published both in German and in Czech; those binding upon the German or Czech populations alone may be issued in the corresponding language. Furthermore, all official business between the organs of the Czech government and the Reich authorities, as well as all nonofficial business, in so far as Germans are concerned, must be carried on in the German language. Thus, while provisions were made compelling the Czech authorities and officials to use German, the Czech tongue was not made compulsory for Germans when dealing with the Czech authorities or population.

The Czechs suffered further indignities by the transcription into German of the names of localities in Bohemia and Moravia in order to "overcome the language difficulties in the course of administration," and for the convenience of Germans who

[31] *Ibid.* By an act of Parliament (189) of 1919, the German schools in Czechoslovakia were placed under state care and state finances in order to "emancipate them from the milieu of local friction." See *World Peace and Czechoslovakia, 1919-1934* (London, 1936), p. 69.

[32] See *Berliner Wochenblatt*, August 23, 1939.

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cannot pronounce Czech names.[33] Although the Germans denied this imputed "Germanization", the Commission appointed by the Reich Protector to carry out the revision of geographical names nullified the work of the Czechoslovak Republic during the twenty years of its existence. Since the new nomenclature was declared official, it is binding on the Czech authorities. The frequent renaming of streets and other public thoroughfares is usually accompanied by blatant demonstrations and is the occasion for German reassertions of their "historical" rights to and in Bohemia and Moravia.[34]

It is beyond the scope of this article to detail the "legal" and extra-legal measures taken by the Germans to destroy the intellectual and cultural life of the Czech people. German cultural policy in the Protectorate was epitomized by one of the Sudeten German chiefs as aiming to "smash the brains out of the Czechs."[35]

III

Thus far we have described a political and cultural "Germanization" of the Czechs which could be partially retarded by devious and subtle means; but in the economic sphere this catalyst of "Germanization" could not be counteracted. The provision, in Article IX of the Proclamation of March 16, 1939, that "the Protectorate belongs to the Reich customs territory and is subject to its customs authority," clearly indicated Germany's plan for both economic and political subordination of the Protectorate. For the past three years there has been a systematic adaptation of the Protectorate's economic system to the needs of the Reich and to the latter's domination in every sphere of economic activity.

[33] *Der Neue Tag*, January 25, 1940.

[34] As an example there may be cited the renaming of General Pello Street in Prague to that of General Roettig in honor of the German soldier who was killed in action during the Polish campaign of September 1939. *Ibid.*, April 5, 1940.

[35] For details see *Two Years of German Oppression in Czechoslovakia*, Czechoslovak Ministry of Foreign Affairs, Department of Information (London, 1941). See also *German Cultural Oppression in Czechoslovakia*, published by the Czechoslovak National Council of America (Chicago, 1940).

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The incorporation of the Protectorate into the economic system of the Reich posed a series of technical and organizational difficulties, which delayed the actual abolition of the customs frontiers a year and a half.[36] The Protectorate first had to liquidate all vestiges of the liberal economic policy of the Republic. Another prerequisite was the creation of new forms of economic organization. There were, in addition, the questions of the leveling of wages and prices, the readjustment of commercial and economic agreements with foreign countries, the management of raw materials corresponding to that existing in Germany, and the protection of weak industries whose existence was threatened by the abolition of tariffs. The new economic system also "required" the complete elimination of the Jews from its economic life.[37]

The autonomous government, in order to adapt the economic system of the Protectorate to the new conditions, introduced the compulsory organization of economic life. A basic decree issued on June 23, 1939[38] empowered the Minister of Industry, Commerce and Handicraft to revamp the economic organization of the Protectorate and to establish compulsory organizations for industry, commerce and handicrafts. These organizations were to mold the economic life of the country to coincide with the general ideological structure of the new state and social order; to act as a link between the central authorities and the individual entrepreneur and enterprise, as well as to serve as an organ of coördination, political control and education.

[36] See "Die Angleichungsaufgabe fuer das Protektorat", *Frankfurter Zeitung*, September 22, 1940.

[37] Erich von Wedelstadt, "Die wirtschaftliche Eingliederung des Protektorats", *Die Deutsche Volkswirtschaft*, vol. IX, No. 11, April 1940.

[38] This decree corresponds almost exactly to the German "Law for the Preparation of the Organic Reconstruction of German Economy" of February 27, 1934. *Die Gesetzgebung Adolf Hitlers*, vol. 7, p. 241. See Eberhardt Barth, "Der fachliche und regionale Aufbau der gewerblichen Wirtschaft", *Jahrbuch der Nationalsozialistischen Wirtschaft* (Munich, 1937), pp. 262-289; also, Fritz Ermarth, *The New Germany: National Socialist Government in Theory and Practice* (Washington, 1936), pp. 124-130.

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The "institutionalization" of industry, commerce and handicraft provided Germany with an administrative structure to execute her designs. Although the central organizations are nominally administered largely by Czechs, they are as amenable to German pressure as the autonomous government. The real power is vested in the *Beauftragter des Reichsprotektors,* a sort of deputy, whose decisions are binding.[39] In some instances, German authority is exercised directly. For example, all authority incidental to the execution of the Compulsory Cartel Law is vested solely in the Reich Protector and his subordinates.[40]

Since the outbreak of the war and the extension of the German war economy to Bohemia and Moravia, direct German control has steadily increased. Besides the "closest coöperation" existing between the Special Control Board in the Ministry of Industry, Commerce and Handicraft created for the purpose of regulating economic questions arising from the war, and the *Gruppe "Gewerbliche Wirtschaft"* in the Office of the Reich Protector, the special department dealing with economic affairs,[41] the German war economy is serviced by a net of control stations in the Protectorate which are under immediate German jurisdiction. Thus, for instance, by a decree of the Reich Protector of September 5, 1939 fuels and oils were made subject to the rationing system with control placed in the hands of the *Oberlandräte.*[42] This decree was one of the first in a long series of decrees, ordinances and regulations, which cover every phase of production, consumption and distribution. In many instances, special bodies, created to execute the measures

[39] *The Economist,* London, June 1, 1940, p. 976.

[40] The German Compulsory Cartel Law of July 15, 1938 was introduced into the Protectorate for the purpose of establishing a unified investment and market policy "in the common interest of the Reich and the Protectorate." Decree of the Reich Minister of Economics, January 10, 1940. *Der Neue Tag,* January 13, 1940.

[41] Jaroslav Kratochvil, "Nationalsozialistisches Wirtschaftsdienst", *Die Deutsche Volkswirtschaft,* April 1940.

[42] "Deutsche Rechtsordnung im Protektorat Böhmen und Mähren", *Böhmen und Mähren,* April 1940, p. 34.

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provided for in the legislation, were placed under the immediate supervision and control of the German authorities.[43] In other instances, the Reich Protector appointed special plenipotentiaries for entire industries. Thus, on April 10, 1940, the Reich Protector appointed such a plenipotentiary for the machine industry, who was empowered to take all necessary measures to assure the supply of machines and tools.[44]

It is often very difficult to draw a clear line of demarcation between war measures and those which are permanent German economic plans. The function of Bohemia and Moravia in time of war has been clearly defined. "In the event of war," *Militaer Wochenblatt* wrote,[45] "the Slav subjects of the German Protectorate of Bohemia and Moravia would be fully available for work in the fields, forests, mines and factories, and would in this manner help contribute to the defense of the great common homeland." The participation of the Protectorate in Germany's war effort was described as consisting of the fact that its industry is producing for the Greater German economic sphere and that its population is sharing in the restrictions on consumers' goods.[46]

No such blueprint is available for the more permanent German economic plans with regard to the Protectorate, except in so far as they are contained in the still undefined *Lebensraum* theory. These may, however, be gleaned from Germany's actions, which tend toward increased economic domination, both by way of political and economic pressure and direct control of economic positions. The exigencies of the war only accelerated these tendencies and facilitated German incursions into every sphere of economic activity.

These represent the diverse methods by which Germany is exercising economic control over the Protectorate. They are, however, by no means exhaustive, for they do not take into account, because of lack of authoritative information, the influ-

[43] See *ibid.*

[44] *Der Neue Tag*, April 11, 1940.

[45] Quoted by *The New York Herald Tribune*, April 4, 1939.

[46] "Deutsche Rechtsordnung", *Böhmen und Mähren*, April 1940, p. 36.

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ence exerted by the German courts and by the economic organizations of the local German population, which are merely branches of the mother organizations in the Reich. At this point, we are concerned mainly with direct German appropriation of Czech wealth and property.

Germany has gained possession of Czech wealth by methods which range from outright confiscation to seemingly bona fide transactions. By virtue of a decree of the Reich Minister of the Interior, issued on July 12, 1939,[47] all real and movable property in the Protectorate which, at 6 A. M. on March 15, 1939, belonged to the former Czechoslovak Republic and served, in full or in part, the purposes of the Czechoslovak Army, Air Force or Weather Service was declared Reich property. All such property in the ownership of provincial public bodies (*Gebiets-Körperschaften*) was to be surrendered at the request of the German military authorities, under similar conditions. The decree provided for limited compensation in case of national-owned property, and for the preservation of passive rights of third parties in case of the other properties.[48] A decree of October 4, 1939, regarding the confiscation of property in the Protectorate,[49] vested in the Reich Protector and his designees the right to confiscate, in favor of the Reich, the property of persons and bodies guilty of acts inimical to the interests of Germany, as well as all movable property and property rights employed in the furtherance of such activities. Public notices which have been appearing during the past two years indicate that the Reich Protector has liberally exploited his authority.[50]

On August 8, 1939 the Reich Protector issued a decree providing for reparations to Germans in Sudentenland as well as in the Protectorate for damages sustained by them or their property at the hands of the Czech armed forces, officials of the

[47] *Die Gesetzgebung Adolf Hitlers*, vol. 32, pp. 695-696.

[48] The equipment of the Czechoslovak Army was sold largely to various southeastern European countries. See *Bulletin of International News*, vol. 17, No. 23, December 1940, p. 1612.

[49] *Deutsches Kriegsrecht*, Ergaenzungslieferung I, C VI 4.

[50] See *Amtsblatt*, Prague, *passim*.

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Czechoslovak state or other political opponents, particularly during the period of the Czech-German crisis in 1938.[51] There is no available information regarding the implementation of this decree or the manner of its execution. But it would appear that Germany has reopened the question of German claims under the Land Reform Act which was carried out during the early years of the existence of the Czechoslovak Republic and, under the pretext of readjusting these claims, succeeded in gaining control over the Land Office in the Czech Ministry of Agriculture.[52] By means of this control, Germany came into possession of large tracts of land and forests to be used for the colonization of German settlers.[53]

Of the four leading commercial banks in the Protectorate, the Bohemian Escompte Bank, fused with the Länderbank, and the Bohemian Union Bank, amalgamated with the Deutsche Agrar- und Industriebank, have come into German hands.[54] In addition, Germany obtained influence in the Anglo-Prague Credit Bank, the Bohemian Industrial and the Moravian Bank, in which institutions the Czechoslovak State had participated, either directly or indirectly.[55] The Zivnostenska Bank was also compelled to accept a German trustee to serve as a link with German finance, while the Legion Bank was forced to transfer its Slovak branches to the Creditanstalt in Vienna at the time its administration was purged and a Czech replaced by a German manager.[56] Thus, all Czechoslovak capital was absorbed in Nazi finance.[57]

[51] *New York Times*, August 9, 1939.

[52] *Ibid.*

[53] See *Der Neue Tag*, September 19, 1940; Eduard Beneš, *Nazi Barbarism in Czechoslovakia* (London, 1940), p. 18; *News from Czechoslovakia*, vol. I, No. 2, October 26, 1939.

[54] Walter Pohle, "Die deutschen Banken im Protektorat", *Die Deutsche Volkswirtschaft*, April 1940.

[55] A. Basch, "Germany's Economic Conquest of Czechoslovakia", *Central European Observer*, New Series, April 16, 1940.

[56] *Ibid.*, May 16, 1940.

[57] The following German Banks increased the number of their branches in the Protectorate: Kredit Bank, Dresdener Bank, Commerz Bank, Kreditgesellschaft, Giro Centrale, Bank der Deutschen Arbeit, Preussische Staatsbank, Deutschland Kasse. London *Economist*, March 30, 1940, p. 572.

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Owing to the very large concentration of Czech industrial capital in the hands of banks and combines, Germany succeeded in incorporating vital Czech industries into her own system of state control.[58]

Because of the anti-Jewish economic legislation,[59] a considerable portion of medium industrial and commercial enterprises in Bohemia and Moravia came under German control, since it gave the German authorities absolute control over financial and commercial transactions. The Nazis used anti-Semitism not only as a means to their own enrichment but also as a method of despoiling the Czechs, for which the unfortunate Jews were a convenient instrument. The autonomous government saw in this legislation, enacted by the Reich Protector over the head of the Czech government, not only a violation of Czech autonomy but a measure pointed at the Czechs as well as against the Jews. It sought to put through its own milder anti-Jewish measures to intercept those that might be passed by the German authorities. On May 13, 1939 Premier Elias announced that "a solution will be found for the Jewish question which will correspond to the interests of public life and to the demands of unhampered economic development of the Protectorate."[60] To this effect the Party of National Unity drafted a bill which contained a provision, among others, for the gradual transfer of control of Jewish property and industry to Czech hands, in order to reduce the participation of Jews in economic life to a figure proportionate to their percentage in the total population. The bill was placed before the Reich Protector for approval. The Czech government, however, was taken aback, and its plans failed, when the Reich Protector on June 21, 1939 issued the first of a series of decrees regarding the elimination of Jews from economic life.[61] The action of

[58] See J. Dvoracek, "Die Stellung der Handelsbanken in der Wirtschaft des Protektorats", *Die Deutsche Wirtschaft*, April 1940.

[59] See Moses Moskowitz, "The Jewish Situation in the Protectorate of Bohemia-Moravia", *Jewish Social Studies*, vol. IV, No. 1, January 1942.

[60] *New York Times*, May 14, 1939.

[61] *Ibid.*, June 22, 1939.

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the Reich Protector caused great bitterness among the Czechs and evoked a protest from President Hacha.[62]

Finally, account must be taken of German methods of economic exploitation, generally described as "scientific looting", which consist of exploiting the conquered territories to the limit of their capacity without unduly antagonizing them.[63] These methods include: (1) exchange rates manipulations, which permit Germany to buy at a rate of exchange more favorable to the buyer than that which would obtain in a free market; and (2) currency inflation. In the case of Bohemia and Moravia, the relationship of the German mark to the Czech crown was fixed as 1 : 10, whereas the purchasing power of the mark was 4 :4.[64] Ever since the establishment of the Protectorate, the Czech currency has steadily deteriorated as a result of the accumulation of German credits in the form of Reichsmark notes, *Reichskredit-Kassenscheine*, bills drawn on German government departments, etc. Thus, for example, the most striking item in the returns of the Czech National Bank on April 15, 1940 was "other assets" to the amount of 5,191,000,000 crowns, as compared with 2,672,000,000 crowns in the report of August 15, 1939. These assets represented for the most part claims against the Reichsbank.[65] By overvaluating the Reichsmark in terms of the Czech currency on the one hand, and expanding her credits on the other, Germany directly and indirectly encouraged wholesale purchases of Czech goods and properties under the most favorable conditions possible.

IV

The Czech people are living in a rigid framework which permits them little social and political latitude. Czech democracy, which began to deteriorate after the signing of the

[62] *Ibid.*, June 23, 1939.

[63] On this point see London *Economist*, August 24, 1940, p. 249.

[64] Article X of the Proclamation of March 16, 1939 gives the Reich the authority to fix the ratio of the two monies. On the ratio of the crown to the mark see Eduard Beneš, *op. cit.*, p. 20.

[65] London *Economist*, May 18, 1940, p. 901.

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Munich Pact, crumbled completely upon the establishment of the Protectorate. The Czechoslovak Parliament and all former political parties were dissolved, while all great national and patriotic organizations were either suppressed or threatened with dissolution.[66] One of the chief rallying points of the Czech nation in the Protectorate is the Party of National Unity which was created by President Hacha in March-April 1939, to replace the political institutions of the Republic.

The Party, known as *Národnií Sourucenství*, was to serve as both a national assembly and a political organization of the Czech people.[67] Toward the end of 1939 the membership of the Party amounted to 2,094,235 men of twenty-four years of age and over.[68] Its overwhelming success in uniting 99.25 per cent of the Czech adult male population has enabled it to withstand all crises, internal and external, and is an indication of the existence of a strong national discipline.[69] But the ability of the Party of National Unity to safeguard at least part of the vital interests of the Czech people is doubtful, because it can operate only in the so-called national spiritual spheres, while its other activities are circumscribed by the watchful eyes of the Germans. It can hardly be effective when its titular leader, the State President, is responsible to the Führer, whose confidence he must enjoy. The German success in debilitating one Czech position after another is sufficient testimony to the helplessness of the Czech Party.

Officially, the autonomous government as well as the Party of National Unity has frequently denounced those elements of the Czech population, both within the country and abroad,

[66] The Czechoslovak Parliament was dissolved on March 21, 1939. By a decree of June 13, 1939 (*Die Gesetzgebung Adolf Hitlers*, vol. 32, p. 691), the Reich Protector was empowered to dissolve these and other organizations and to confiscate their property without stating any reasons for his actions. This power was liberally employed by von Neurath, but especially by his successor, General Heydrich.

[67] On the Party of National Unity see *Das Archiv*, Nos. 60, 61, 1939.

[68] *Der Neue Tag*, December 22, 1939.

[69] See Josef Hanc, "Czechs and Slovaks Since Munich", *Foreign Affairs*, October 1939; also *New York Times*, May 20, 21 and 26, 1939.

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which refuse to submit to the quasi-slavery imposed upon the Czech people by the German invaders. But the unusual reserve and laconic tenor of these official denouncements belie their sincerity.[70] The case of Alois Elias, the Czech Premier who was condemned to death for alleged high treason against Germany, is eloquent testimony.

On September 28, 1941 S.S. Chief Heydrich, who on the previous day had been appointed Acting Reich Protector in place of Baron Constantin von Neurath, ordered the arrest of Dr. Elias, who for more than two years served as Premier of the autonomous government. On October 1, he was brought to trial before the German People's Court and on the same day condemned to death on the following counts: that he was active in a conspiracy organized by Generals Inger and Neumann; that he participated in espionage organized by the Press Department of the Premier's office; that he aided a number of prominent Czechs to escape abroad; that he encouraged the spread of "hostile" propaganda which was gaining increasing influence among wider sections of the Czech population; and that he connived with Otto Klapka, the Czech Primator of Prague, in using municipal funds for the purpose of financing flights of Czechs from the Protectorate and of supporting their dependents and those of others who were engaged in anti-German activities.[71]

It is only natural that the Czech population should mistrust and hate their conquerors. This, the Germans themselves admit. On the occasion of the first anniversary of the establishment of the Protectorate, the Reich Protector, in a public message, declared:

> . . . It is clear that the events of 1938 and 1939 could not possibly be readily understood by the masses of the Czech nation, especially since for the past twenty years they have been educated

[70] See, for example, Statement of Premier Alois Elias on December 8, 1939 regarding the Czech émigrés in London, *Der Neue Tag*, December 9, 1939; proclamation of the Party of National Unity of December 1, 1939, *ibid.*, December 2, 1939; President Hacha's broadcast of November 7, 1941, *ibid.*, November 9, 1941.

[71] See *Der Neue Tag*, September 29, October 2, 3, 1941.

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> to a completely false appreciation of the European forces at play, as well as to their own position. The effects of such a policy of illusion and agitation against a neighboring people for more than two decades could not be erased in one day. We have reckoned with this fact from the very beginning, in the full understanding that a reorientation of the Czech people will require time.[72]

Both the autonomous government and the Reich Protector have from time to time endeavored to improve the relations between Czechs and Germans: the former by stressing the "benefits" accruing to Bohemia and Moravia because of their incorporation into the Greater Reich and especially their good fortune in escaping the ravages of war,[73] the latter by maintaining external appearances and outward legal forms, in order to blind the Czech people to the harshness of their subjugation.[74]

These attempts, however, have been nullified by the reality of the state of affairs in the Protectorate and by the arrogance of the local German population and the Gestapo. The events of September 1941—the increase of sabotage and open hostility toward the Reich—which led to the replacement of von Neurath by the Gestapo Chief Heydrich as Reich Protector, initiated a régime of terrorism. He set up a new kind of martial law, the so-called civil martial law (*Zivilstandrecht*), which not only sanctioned every injustice in advance, but

[72] *Der Neue Tag*, March 15, 1940.

[73] See, for example, the proclamation of the autonomous government on the occasion of the first anniversary of the establishment of the Protectorate. *Ibid.*, March 14, 1940. The Party of National Unity, in a manifesto of its own, declared: ". . . After the outbreak of the war the Czech people have had an opportunity of appreciating the statesmanlike act of Dr. Hacha, which spared us the sorrows and ravages of war. . . . The example of Poland is a warning to all those who lack political responsibility and are ready to risk the fate of their people. . . ." *Ibid.*, March 16, 1940.

[74] In this connection it is of interest to note the confidential instructions of the German censors to the editors in the Protectorate admonishing them to be discreet in discussing German-Czech relations. Instructions of September 25, 1939. For summary see *Social Research*, vol. 8, No. 2, May 1941, pp. 240-246.

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brought under this law offenses which the day before fell within the sphere of the ordinary civil police.[75] The new system of penal justice has already taken a great toll of life. Every day newspapers are full of instances of courts-martial and high treason. By Germany's own admission, "hostile" propaganda is permeating the Czech population who are awaiting the hour of redemption. Even though the Czech government is a tool of its conqueror, it still lacks the supineness characteristic of a Quislingist mentality.

In the three years of the existence of the Protectorate, Bohemia and Moravia have undergone profound political, economic, social and cultural changes. Some of these are transitory in character; others are more permanent. How those changes will influence the future course of the Czech people can only be surmised, but it will depend upon the extent to which they may be able to salvage a minimum of their moral and material resources at the end of the present war.

MOSES MOSKOWITZ

NEW YORK CITY

[75] E. V. Ederly, "Prague Braves the Hangman", quoted by the Czechoslovak Press Bureau, New York, Release vol. II, No. 60, May 29, 1942.

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ECONOMIC DEMOBILIZATION IN GREAT BRITAIN AFTER THE FIRST WORLD WAR

IN the United States, the underlying philosophy of economic demobilization after 1918 was directed at disbanding rapidly the wartime agencies and leaving the revival of peacetime activities entirely to private enterprise. In Great Britain, the underlying philosophy of demobilization aimed at using governmental policies for the purpose of conscious restoration of pre-war institutions to the greatest possible extent.

The British attitude toward the economic effects of war was still dominated by the experiences of readjustment after the Napoleonic wars, when recovery had been achieved without positive intervention by the state; peace then meant a true lowering in real costs which helped stimulate investment and foreign trade.[1] In 1917, Alfred Marshall predicted similarly that peace would bring prices down, though probably not to their old level.[2]

In the same year, J. A. Hobson put the economic post-war problem as follows: "Is it not reasonable to suppose that the financial powers of the state, so successfully mobilized in the autumn of 1914 for the support of the shattered fabric of private finance, can be made available for the purposes of assisting industrial and commercial recovery after the war?"[3] Few British economists, however, grasped the actual scope of

[1] See W. W. Rostow, "Adjustments and Maladjustments after the Napoleonic Wars", *American Economic Review*, Papers and Proceedings, March 1942, pp. 13 *et seq.*

[2] *After-War Problems*, by The Earl of Cromer, Viscount Haldane, the Bishop of Exeter, Professor Alfred Marshall, and Others, edited by W. H. Dawson (New York and London, 1917), p. 317.

[3] *Readings in the Economics of War*, edited by J. M. Clark, W. H. Hamilton and H. G. Moulton (Chicago, 1918), p. 562.

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changes wrought not only by the World War but by the general trends of modern industrialization. One of the few was J. M. Keynes. In 1920, he emphasized that England was on the eve of great changes in her social and industrial structure, and added:

> The most serious problems for England have been brought to a head by the war, but are in their origins more fundamental. The forces of the nineteenth century have run their course and are exhausted. The economic motives and ideals of that generation no longer satisfy us; we must find a new way and must suffer again the *malaise,* and finally the pangs, of a new industrial birth.[4]

But his predictions on the inevitable readjustment of the British economy were as little heeded as his Cassandra warnings about the economic consequences of the peace treaties.

More recently, Alvin H. Hansen has pointed out that British economic and public policy after the first World War continued to be guided by the pre-war canons despite far-reaching shifts in the relative importance of major industries, the rôle of the state budget in economic life, etc. Only the great depression brought a real change.[5]

In July 1917, the government proposed to Parliament the establishment of a Ministry of Reconstruction to continue for the duration of the war and for a period of not more than two years after its conclusion. The Minister of Reconstruction assumed office in the following month and set up branches on commerce and production, finance, shipping, labor and industrial organization, rural development, housing, transport, etc. The scope of the activities of the Ministry, however, was very limited as long as the needs of actual warfare overshadowed the preparation for peace.

In the last few days of war, a Demobilization Committee of the War Cabinet was appointed in order to coördinate work

[4] *The Economic Consequences of the Peace* (New York, 1920), pp. 253 *et seq.*

[5] "A General View of the Institutional Effects of the War", *American Economic Review,* Papers and Proceedings, March 1942, pp. 351 *et seq.*

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on demobilization and resettlement. A limited number of decisions on post-war policies had been taken before this action; this was true, for instance, of the decision to sell government-owned ships, for use after the war, to private owners who had suffered losses during the war. In November 1918, however, many agencies and measures for demobilization had to be improvised. A Department of Civil Demobilization and Resettlement was formed in the Ministry of Labour, and the Minister of Munitions announced a policy of "carry-on at reduced speed." Mr. Lloyd George stated that it was the task of the government to make Britain "a country fit for heroes to live in", but the actual measures taken during this period involved primarily negative "decontrol".

The demobilization of man power was based on a priorities scheme for release of "pivotal men" in certain occupations in advance of general demobilization. War contracts for such products as explosives were terminated almost immediately upon the Armistice, but certain contracts were completed whenever this was considered necessary or more economical.

A report of the Cunliffe Committee on Currency and Finance, signed on August 15 but not published until October 29, 1918, recommended a policy of deflation after the war, limitation of the uncovered note issue, and restoration of an effective gold standard. It also advised against excessive extension of credits after the war for the purpose of financing big industrial enterprises. More than a year later, in December 1919, the adoption of this report as the basis of demobilization policy was announced. Some of its recommendations subsequently dominated the British financial policy during the twenties, despite the aggravation of the structural crisis of certain British industries implicit in the application of these pre-war principles of what was considered sound finance.

Such preliminary plans for reconstruction, as had been prepared before the end of the war, later met the opposition of those who preferred an early return to unrestricted competition. Certain sections of business hesitated to advocate too early "decontrol", but "the immense majority of bankers,

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manufacturers, traders and shopkeepers desired above all things an immediate removal of the restrictions which hampered their free activities and reduced them to cogs in a vast and cumbrous machine. Reconstruction to them meant freedom and scope for enterprise." [6] What remained of state intervention was chiefly a number of measures of a protectionist character, and the economic clauses of the peace treaties.

The political conditions were favorable for such a course, for Mr. Lloyd George's wartime coalition won a landslide victory at the election of December 1918. Moreover, Lloyd George was for many months engaged in the negotiations in Paris on the peace treaties, and Mr. Bonar Law, the Conservative leader, gained a growing influence on domestic policies. The protectionist trend which followed will be discussed later. At any rate, tariff policy, in Great Britain as in the United States, became increasingly one of the few active methods of economic demobilization.

One of the basic government activities under war economy had been food control. The post-Armistice history of the Ministry of Food presents a curious sequence of control, decontrol, recontrol and liquidation.

> The Armistice found the Ministry of Food equipped for war and for peace. Its organization was at last to all intents and purposes complete. It controlled nearly everything that men could eat or drink without being poisoned, and many things outside that category, such as feeding stuffs and beehive sections; it was stretching out its tentacles over soap and candles, salt and aerated waters. It held unparalleled reserves of food. It had also in reserve a considered scheme for its own dissolution, and was prepared to die.[7]

As early as November 10, 1918, the Food Council had before it an elaborate memorandum on Demobilization of Food Control. Indeed, the rationing of feeding stuffs, cereals, flour

[6] E. M. H. Lloyd, *Experiments in State Control at the War Office and the Ministry of Food* (Oxford and New York, 1924), pp. 387-88.

[7] Sir William H. Beveridge, *British Food Control* (London and New Haven, 1928), p. 268. See especially chapters xiii and xiv. Also Horst Mendershausen, *The Economics of War* (New York, 1940), pp. 282-83.

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and tea was removed or liberalized by December 1918. The controllers themselves wanted to be relieved as quickly as possible, even though the wartime organization of milk supplies, for instance, was not completed until after the Armistice.

Shortages of many foodstuffs continued, and prices remained on a high level. Moreover, the problem of reprovisioning of the Continent arose immediately after the Armistice, and it was recognized that the Inter-Allied Food Council could not function adequately unless food control in Britain continued. The Consumers' Council "directed itself with great spirit and pertinacity to obstructing the efforts of the officials to bring their jobs to an end." On the other hand, Sir William Beveridge and others pointed out that food control, in order to remain effective, must be international, and not merely national or inter-allied, and that "control over shipping instead of being almost the first control to have been relaxed should have been the last."

Finally, the rise of food prices in the early part of 1919 resulted in a postponement of decontrol, although prices continued to rise even after this decision had been taken. The general railway strike from September 26 to October 5, 1919, presented an opportunity for the government to use the distribution machinery of the Food Ministry in order to counteract the strike. The "recontrollers" had won temporarily, and not until August 1921 was the executive work of the Food Ministry liquidated. Winding up operations with the Allies and domestic traders went on for years thereafter. Moreover, such subsequent measures as the Sale of Food Order of 1921, the Sale of Tea Act of 1922, and the appointment of a Royal Commission on Food Prices in 1924 were partly based on the experiences of the Food Ministry. Yet demobilization in this important field, as in others, took place on a day-to-day basis rather than according to a well-considered program, and few people had foreseen or wished at the moment of the Armistice the continuation of control for a period of more than two years.

Labor problems and labor conflicts had an important influence upon the actual course of demobilization. The Wages (Temporary Regulation) Act of November 21, 1918 attempted

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to stabilize wages and to continue some of the wartime arbitration methods. In accordance with pledges given to the unions during the war, however, compulsory arbitration and the prohibition of strikes were abolished. Not until September 1920 did the emergency regulation of wages expire.[8]

The policy of the trade unions was directed toward strict avoidance of "dilution" of labor, and the Restoration of Pre-War Practices Act of August 1919 was essentially a concession to the unions. The title of the act itself expressed the adherence of the unions as well as other social groups to the basic philosophy of "restoration of pre-war practices." The act helped the trade unions increase their membership and consolidate their forces during the period of demobilization, and helped the skilled workers' group in regaining the leadership. Cole summarizes this development as follows,

> Practically every important Union came forward in 1919 with an ambitious programme of demands, including in some measure a positive transformation of the industrial system. Substantial concessions were made to many Unions in 1919; but in 1920 the resistance of the employers and of the Government to Trade Union claims became much more determined, and, with the growth of unemployment in the autumn of that year, the Unions passed definitely from aggression to defence.

A wave of great strikes in such basic industries as the railroads in the fall of 1919, and coal mining in the spring of 1921, contributed to the partial delay of decontrol. It compelled government and the employers to make certain concessions to the trade unions, but increased, at the same time, their opposition to more far-reaching programs of social reform which had been brought forward by the unions and the Labour Party. Some of the union leaders and members came to endorse socialism, but were unable to win the approval of the majority even for such limited programs as that on nationalization of coal mining.

[8] G. D. H. Cole, *Trade Unionism and Munitions* (Oxford and New York, 1923), pp. 174-75, 193 *et seq.*, 241 *et seq.* See also Herbert Feis, "The Industrial Situation in Great Britain", *American Economic Review*, June 1921, pp. 264 *et seq.*

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In fact, the trend of business activities after 1919 did not favor in the long run any far-reaching union policies. Moderate inflation continued at first, and at the end of 1919 the external value of the pound sterling in terms of gold dollars showed a depreciation of 22 per cent. Internal prices had more than doubled and wages met difficulties in keeping pace with them; these price movements will be discussed later. Soon, however, the inflation was arrested; by 1921 the post-war boom was at an end, and there was deflation throughout that year.[9] As long as employment was plentiful, the movement for higher wages which had begun during the war continued, and the net increase of wages in 1920 was the highest ever recorded even though it did not equal the increase in prices. The index of average weekly wages (December 1924 = 100), which had been 115 in January 1919, rose to 155 in January 1921 but fell to 99 by the end of 1922. It has often been asserted that the deflation policy had consciously been designed as a method of combating trade unionism; whether this is correct or not, deflation actually resulted in a weakened position of the unions.

Contrary to American developments, building showed little tendency to revive immediately after the Armistice. Control of rentals continued, and attempts to stimulate building by local authorities, such as the Addison Act of 1919 and 1921, had only limited success. The production of coal, which had amounted to 292.0 million tons in 1913, 233.5 million in 1919, and 233.2 million in 1920, dropped to 165.9 million in 1921. The production of raw steel, which was 7.8 million tons in 1913 and 8.0 million in 1919, reached a peak with 9.2 million in 1920 and then dropped to 3.8 million in 1921. The general production index (1913 = 100) was 90 in 1920 and 63 in 1921.[10]

[9] Lionel Robbins, *The Great Depression* (New York, 1935), p. 76. See also pp. 80, 207-8, 235-36. J. A. Schumpeter, *Business Cycles* (New York and London, 1939), vol. II, pp. 750 *et seq.*

[10] Compiled by James W. Angell, in *The Recovery of Germany* (New Haven and London, 1932), pp. 395 *et seq.* See also Feis, *loc. cit.*

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Only after 1922 did a partial recovery take place, but it remained much less pronounced than the business revival in the United States. The promising outlook of American prosperity, rather than any active or successful demobilization policy at home, contributed to British recovery, but at the same time the War Debt Treaty of 1923, together with other factors, put a brake on prosperity in Britain.

Although 2.4 per cent of the workers had been listed as unemployed both in 1919 and in 1920, most of them were only temporarily out of a job between demobilization and reëmployment. Employment, however, declined rapidly toward the end of 1920. By March 1921 the number of unemployed had risen above 10 per cent, and during the great coal strike this figure rose to over 20 per cent in June 1921, the total number being 2,300,000 persons. The percentage remained around 16 until May 1922, and during the two following years the figures were 11.7 and 10.3 respectively.[11] To what extent the spread of unemployment was due to cyclical movements, and in how far it was a result of the war, is difficult to evaluate.

The demobilization of man power had been arranged according to a complicated system of priorities. Such factors as age, dependents, length of service, urgency with which individuals or classes of men were needed for civilian work, and prospects of employment were all taken into account. In other words, the rate of demobilization was to some extent pegged to the business trend. Some 125,000 men were absorbed into government departments, and nearly 17,000 were settled on small holdings. A number of disabled men were retrained, and a number of officers received grants for university studies.[12] A system of "donations" was introduced for both discharged soldiers and demobilized munitions workers. They were entitled to draw, in addition to the

[11] F. W. Hirst, *The Consequences of the War to Great Britain* (London and New Haven, 1934), pp. 282 *et seq.*, 287.

[12] John N. Andrews, "Re-employment and Postwar Planning", *The Annals of the American Academy of Political and Social Science*, March 1942, p. 186.

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gratuity accruing to them on discharge, a weekly donation benefit as long as they remained unemployed.[13]

In 1920, the donation system was superseded by a general scheme of unemployment insurance. Cole and others credit the timely extension of the benefit system, combined with the functioning of employment exchanges, with having helped avoid social disturbances during the subsequent depression. After this extension, the system gradually covered nearly 12,000,000 workers.[14]

However, the problem of unemployment in Britain turned out to exceed that of adequate insurance. Here again, it is very difficult to determine the extent to which the structural maladjustments of British shipping, coal mining and textile industry were a specific result of the war, but there is no doubt that war at least greatly aggravated the problems of these classic industries of Britain.

In the shipping trade, it is true, the direct effects of the war were clearer than in the other trades. For about a year after the Armistice, war conditions in this industry practically continued. The tonnage demands of military repatriation and economic reconstruction were tremendous, and international shipbuilding did not reach its peak until after the Armistice.

> By 1920 the shipping of the world stood somewhere about the figure at which it would probably have stood had no war taken place; but with the satisfaction of the temporary and artificial demands arising from the war itself, the exhaustion and impoverishment of the belligerents and the long dislocation of the world's economic life began to be clearly reflected in the demand for tonnage. While running costs remained abnormally high, freights fell with unexampled velocity and hundreds of thousands of tons of idle shipping bore witness to the stagnation of trade.[15]

[13] G. D. H. Cole, "Mobilization and Demobilization", *Encyclopaedia of the Social Sciences* (New York, 1933), vol. X, pp. 562-63.

[14] A. C. C. Hill, Jr., and Isador Lubin, *The British Attack on Unemployment* (Washington, 1934), pp. 34-35.

[15] C. Ernest Fayle, *The War and the Shipping Industry* (London and New Haven, 1927), p. xv.

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Fayle believes that the evils "sprang directly from the destruction and dislocation caused by war, and no degree of foresight and public spirit on the part of the shipowners, or of administration wisdom on the part of Controllers or Governments, could do more than mitigate the severity and adjust the incidence of the burden."

The total losses inflicted on British shipping amounted to 7,759,000 tons gross, or 38 per cent of the British tonnage in June 1914. The tonnage actually available on October 31, 1918 was less by nearly 18 per cent than at the beginning of the war. Moreover, British shipping was facing increased international competition, and one of its main assets, the long-distance coal-export trade, had been temporarily destroyed. A big state-owned fleet had been built up, amounting to some four hundred vessels in November 1918. Arguments brought forward for nationalization of the British merchant marine were based partly on social grounds and partly on those of imperial development. However, the government turned down all propositions of partial or total nationalization.

On the other hand, decontrol was carried out gradually and cautiously, although the Shipping Controller had stated on November 12, 1918:

> It is not contemplated that the control of merchant shipping should continue for any longer period than is necessary to provide for the extraordinary conditions arising out of the war. It is the intention that privately-owned ships now under requisition should be released from control as soon as the tonnage available is considered clearly sufficient to provide reasonably for such essential shipping services as may be necessary in the national interest.[16]

The British Ships (Transfer Restriction) Act provided that no transfer to a foreign flag could take place for a period of three years after the war. Amendments to the Aliens Restrictions Act in 1919 prohibited the transfer of commercial interest to or employment of aliens in British shipping. At

[16] Fayle, *op. cit.*, p. 340.

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the same time, the terms of the Armistice provided for the bulk of the German marine to be handed over to the Allies.

In November 1918 the State Cargo Office closed its doors, but a system of licenses and priorities for various government-controlled commodities continued somewhat longer. Ships were returned to their owners, but were, as a rule, first reconditioned. The available tonnage reached its peak at the end of June 1919, with 9,340,000 dead-weight tons compared with 6,696,000 tons at the end of October 1918. When the peak was reached, the requirements had started falling off, and state control was in a process of gradual reduction. The burden of the post-war slump fell therefore largely upon the private shipping industry which had scarcely foreseen such consequences of early decontrol. Moreover, as Fayle says, "it was far easier to replace the ships sent to the bottom . . . than to restore the smooth working of that vast system of transport and distribution which the war had so grievously dislocated."

When the Excess Profits Duty was reduced from 80 to 40 per cent in May 1919, "many people with little or no shipping experience rushed in not merely as investors but as managing owners, and the price of secondhand tonnage was forced up to heights exceeding anything known during the war." However, the budget of 1920 raised the Excess Profits Duty again to 60 per cent, and other taxes were added. In 1920, the freights fell off sharply, but this was apparently an incentive to accelerate the release of shipping from control. The War Emergency Laws (Continuation) Act of March 31, 1920 continued temporarily the powers of the Controller, but with the Ministry of Munitions and Shipping (Cessation) Act of March 1921, the office of Shipping Controller came to an end. Only restrictions of transfer, requisition of insulated space, and the control of Plate trade survived somewhat longer. Moreover, the National Maritime Board, representing groups of employers and workers, was reorganized on a permanent basis.

Allied shipping control, which Sir Arthur Salter called "the most advanced experiment yet made in international co-

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operation",[17] had ceased in 1919, and this fact again contributed to the discontinuation of shipping control in Great Britain.

> The Allied Maritime Transport Council and its Executive reached the climax of their authority and their utility in the autumn of 1918. From the Armistice onwards their power diminished to a mere shadow of its former self and such utility as they continued to possess was within different and more limited spheres of action. The Council itself was not indeed formally terminated until April 7, 1919, when it became merged in the Supreme Economic Council, and the Executive, with changed duties and personnel, continued in existence as late as February 7, 1920. The work undertaken and the influence exercised by both the Council and Executive were, however, entirely different after the conclusion of hostilities.[18]

The Supreme Economic Council continued its regular operations only until the signature of the peace treaty in June 1919. There was, therefore, no international complement to British shipping control left.

Another standard industry of Britain which was thrown into a structural depression was coal mining. Part of its difficulty was undoubtedly due to decreasing efficiency of production. The average output per man, which had been 286 tons between 1894 and 1898, had fallen off to 208 tons in 1918, 193 tons in 1919, and 185 tons in 1920.[19] The decrease in efficiency had various reasons. During the war, the industry had suffered from shortage of labor and physical neglect. "The split-up of the industry into a large number of units, the thinness of some of the seams which prevented mechanization and consequently the increase in per capita output to support the relatively high wage level, and the traditional con-

[17] J. A. Salter, *Allied Shipping Control: An Experiment in International Administration* (Oxford and New York, 1921), p. xiii. See also chapters x, xi, xii.

[18] Salter, *op. cit.*, p. 216.

[19] Feis, *loc. cit.*, p. 253.

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servatism of the industry, were inherited from the pre-war period." [20]

On the other hand, the general wage level was lower than that in many other trades, and the wartime prosperity of the industry had induced the miners to demand higher wages, especially in view of the rising costs of living. The Sankey Commission, which was appointed in 1919, recommended a seven-hour day with a wage increase of two shillings per ton. It also recommended a continuance of government control as set up in wartime, and a limitation of profits; some of its conclusions favored government ownership of the coal deposits.

The actual development was different. To the mind of Sir R. A. S. Redmayne, a leading officer of the mining control administration,[21] control of this industry was a necessary evil which should be confined to the period of the "abnormal" conditions resulting from war. The only reservation he made was "that control should not be relinquished until the industry is left in such a condition that the owners are able to carry on effectively." This involved the temporary maintenance of control of such factors of the coal trade as exports, inland transport and the price determinants.

The number of labor disputes greatly increased in 1919. At the same time, the Miners' Federation raised repeated demands for nationalization of the coal mines. Even the non-labor members of the Coal Industry Commission pronounced in favor of the acquirement by the state of the coal royalties, and the main point of argument concerned compensation. The Coal Transport Reorganization Scheme, which had been initiated in September 1917, came to an end in August 1919, but important new legislation in this field had to be adopted shortly afterward. The Coal Mines (Emergency) Act of March 1920 attempted to regulate profits and wages, and the Mining

[20] Louis Domeratsky, *Regulation of Economic Activities in Foreign Countries,* Temporary National Economic Committtee, Monograph Number 40 (Washington, 1941), p. 13.

[21] *The British Coal-Mining Industry During the War* (Oxford and New York, 1923), pp. 208 *et seq.*

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Industry Act of August 1920 set up a Mines Department in the Board of Trade, and various other regulating agencies.

These measures did not prevent a national coal mining strike in October 1920. From another angle, they accelerated rather than delayed the decontrol of such wartime restrictions as price regulations and financial supervision of mining. Here again, it would be difficult to trace back to the war all of the long series of regulations which followed during the twenties and culminated in the Coal Mines Act of 1930. No absolute demobilization in the sense of an outright restoration of the strictly competitive set-up of the pre-war period took place, but the far-reaching programs which aimed at a direct transformation of wartime controls into nationalization were not carried out either.

The third standard industry of Great Britain which underwent a chronic depression after the end of the war was the textile industry, especially the cotton trade. There is virtual agreement on the probability that the structural depression of this industry resulted to a lesser extent from wartime adjustments than did the crisis of shipping or coal mining. We cannot here go into the details of the British textile problems, but it may be said that "they typify, in a concentrated form, the post-war difficulties of a pioneer industry that has failed to adjust itself to the new conditions and that has, in addition, been exposed to the unhealthy stimulus of a brief post-war boom which has left its imprint on the financial structure." [22]

The traditional decentralization of the British cotton industry, compared with the higher integration of cotton production in more recently industrialized countries such as Japan and India, accounted for many of the difficulties. Moreover, part of the new investments after 1919 came from people who were unable to keep up their payments during the depression. Toward the end of 1920, about 50 per cent of the looms were idle, and unemployment was great. By that time, however, government control of the cotton industry had practically

[22] Domeratsky, *op. cit.*, pp. 17 *et seq.* See also Hubert D. Henderson, *The Cotton Control Board* (Oxford and New York, 1922).

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ceased. A vigorous campaign against the Cotton Control Board had started long before the war was over, namely, in the summer of 1918. The spinners' strike in the fall of 1918 contributed to weakening the position of the Board. Controls were relaxed immediately after the Armistice, as a result of ample supplies of cotton. In February 1919, the Cotton Control Board was transformed into a Cotton Reconstruction Board, and the accumulated surplus of revenues was organized in a Cotton Trade War Memorial Fund and was used for such purposes as research. The long series of reorganization plans for the cotton industry, which started in 1922 and culminated in the Cotton Spinning Industry Act of 1936 and the Cotton Industry (Reorganization) Act of 1939, had very few points of contact with the early measures of demobilization.

These three standard industries of Britain and other trades suffered heavily from the hectic behavior of prices after the Armistice. A collapse in price had been anticipated by many long before the end of the war, and a special committee had been studying the problem of how to meet it by suitable methods of taxation. "The mistake that people really made was to expect the collapse to come rather soon; it was so long delayed that they then thought it was not coming at all." [23] The price level (1913 = 100) had been 232 at the end of the war. It rose to 280 by December 1919 and reached its peak with 325 in April 1920. Then it fell to 263 in December 1920, 167.9 in December 1921 and 155.8 in December 1922.

These fluctuations were fought with traditional methods of monetary policy. As after the Napoleonic wars more than a century earlier, the necessity of an early return to the gold standard was taken for granted. This was the gist of the report of the Cunliffe Committee which had started work long before the end of the war. Only technical changes in the pre-war monetary set-up were regarded as necessary. Schumpeter calls these decisions on the direction of monetary policy "fundamentally extrarational", though he admits that they

[23] Sir Josiah Stamp, *The Financial Aftermath of War* (New York, 1932), pp. 32-33. See also Hirst, *op. cit.*, pp. 237 *et seq.*; Schumpeter, *op. cit.*, vol. II, pp. 739 *et seq.*; J. P. Day, *An Introduction to World Economic History Since the Great War* (London, 1939), pp. 42 *et seq.*

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might have been wise "*ex visu of English short-run interests.*" He defines the difference between the situation after the Napoleonic wars and that after the first World War as follows: "Then, drastic readjustment, by means of monetary policy, of the price level and of incomes would have been possible, but vigorous evolution of the national economy made it unnecessary. Now, no comparable development setting in, drastic readjustment by monetary policy would have been necessary, but it was not possible."[24] The Bank of England, which had in 1919 more than three times the gold it owned in 1913, encountered the problems of demobilization in much the same way as it had encountered changing business situations before the war, and an influential school of British economists believed strongly that the trend of business was dominated chiefly, if not exclusively, by the interest policy of the Bank. In April 1920, after some hesitation, the Bank raised its rate to 7 per cent, and only in July 1922 was a rate of 3 per cent reached again.

The war had brought a considerable expansion of the budget. Deficit financing did not cease until the spring of 1920, and the idea of reducing the tax burden to the pre-war level remained wishful thinking. Only about £400,000,000 of the estimated expenditure was saved through the ending of the war in November 1918, and military action continued for a while in Russia and the Near East. The budgets of 1919 and 1920 exceeded £1,400,000,000, a trifling amount compared with the annual costs of the second World War but a terrific burden to those who still thought in terms of pre-war budgets. The promise to reduce expenditure to the lowest attainable level played an important rôle in certain electoral platforms but little of it was ever carried out.[25] The Excess Profits Duty continued for two years after the end of the war, though its rates were reduced. When the slump in prices came many wartime taxes were still in force.

The considerable sums obtained from the sale of huge

[24] Schumpeter, *op. cit.*, vol. II, p. 726.

[25] See Hirst, *op. cit.*, pp. 168 *et seq.*, 234 *et seq.*; also F. W. Hirst and J. E. Allen, *British War Budgets* (London and New Haven, 1926); Henry F. Grady, *British War Finance, 1914-1919* (New York, 1927).

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stocks of war stores were treated as revenue, that is to say they were not used to reduce the national debt, which had risen from £711,000,000 on August 1, 1914, held by 345,000 investors, to £8,078,000,000 at the end of 1919, held by over 17 million investors.[26] No net reduction of the debt on any large scale took place during the twenties. Internal debt including pensions in 1818, after the Napoleonic wars, took 9.42 per cent of the national income. Before the first World War this percentage had sunk to 1.61. By 1923, it had risen to 11.58 per cent. The debt service increased from £25,100,000 in 1913-1914 to £350,000,000 in 1920-1921.

As for the external debt, the raising of the American tariffs compelled Britain to pay largely in gold for loans which had been given in commodities and manufactures. Such German reparation payments as were actually made were not as a rule made in gold. They were, moreover, largely based on British and American post-war credits to Germany. As late as 1930, Georges Clémenceau blasted the financial (and other) "mutilations" of the Versailles Treaty, by which he meant the failure of the Allies to make Germany pay for the entire cost of the war. For this failure, he held Great Britain largely responsible.[27] Both Britain and France, however, were very much in the same economic position toward Germany in which the United States was toward them; the idea of a tariff-protected return to pre-war conditions as the actual goal of economic demobilization at home was from the outset incompatible with the expectation of large-scale payment of international war debts or reparations.

British post-war protectionism, however, was not nearly as uncompromising as was that of many other countries. The McKenna duties, which had originally been adopted for the period of war, were continued in 1919, and the principle of imperial preference was added, but this did not involve an immediate rise in tariffs. In August 1919, the wartime embargoes were removed, but in 1920 the Dyestuffs (Import Regulation) Act established a trade monopoly based on im-

[26] Day, *op. cit.*, p. 26; Stamp, *op. cit.*, p. 38; Hirst, *op. cit.*, pp. 247 *et seq.*

[27] *Grandeur and Misery of Victory* (New York, 1930), chap. xvii.

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port licenses. In 1921, the Safeguarding of Industries Act marked the gradual change-over of Britain to protectionism, "monetary dumping" by foreign countries being one of the main justifications given. In fact, the foreign trade of Britain fell off from 1920 to 1922 from £1,932,000,000 to £1,003,000,000 on the import side, and from £1,557,000,000 to £823,000,000 on the export side. Not until 1924 did a gradual revival of foreign trade start.

To summarize: we know today that the philosophy of demobilization as an outright return to pre-war conditions was hopeless. Moreover, the process of decontrol in Britain was not coördinated, and the typical sequence of a short-lived post-armistice boom and a depression following within two or three years after the end of the war resembled that in the United States. The subsequent fluctuations during the twenties, and the slump after 1929, were somewhat less drastic than in other countries, but progress during the periods of prosperity was likewise less accentuated, and the depression of certain standard industries remained chronic. It is hard to determine the extent to which these developments were a specific result of the British methods of economic demobilization. This writer finds it difficult to concur entirely with Gustav Stolper's enthusiasm about the success of British recovery after the first World War,[28] and to accept his distribution of blame and praise.

But the whole issue of whether the British methods of demobilization were successful, despite the lack of elaborate preparation in advance, and of how many of the numerous governmental agencies and economic regulations during the post-war period originated in the wartime controls, is now becoming secondary. Both the British organization for total war since 1940 and the amount of physical destruction and economic dislocation already vastly exceed similar developments during the first World War. By the same token the number of those who advocate an outright repetition after the present war of the methods of 1919-1922 has greatly diminished.

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[28] *This Age of Fable* (New York, 1942), chap. xi.

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JAMES WILSON AND THE RELATION OF THE SCOTTISH METAPHYSICS TO AMERICAN POLITICAL THOUGHT

AMERICAN political thought has not been characterized by a deep interest in metaphysics. Until William James evolved the first indigenous American philosophy few thinkers attempted systematically to relate a set of concepts defining the ultimate nature of reality, being and thought to a set of concepts expressing the nature of society and the purpose of the state. Metaphysical issues have generally been restated as moral problems, and it has been assumed that the answers to whatever moral questions are relevant to political theory are self-evident.[1]

There was, however, at least one early American statesman who deliberately set out to provide a systematic metaphysical basis for American political institutions. This statesman was James Wilson (1742-1798). The metaphysical aspects of his theory are significant, not primarily because of their intrinsic merit, but rather because in dealing with this subject he made explicit certain intellectual methods and assumptions widely prevalent during the formative period of American government and law, and demonstrated how an a priori philosophy may be adapted to the exposition and defense of particular political concepts and concrete governmental institutions. It is of further interest that while the importance of Wilson's life and work has been frequently noted, and although a relatively complete record of his public utterances is available, his position

[1] Thomas Jefferson expressed an opinion of metaphysical speculation typical of the American mind when he wrote these words of advice to his nephew on the subject of moral philosophy: "I think it lost time to attend lectures in this branch. Man was destined for society. His morality therefore was to be formed to this object. The moral sense . . . is submitted to the guidance of reason, but it is a small stock which is required. State a moral case to a ploughman and a professor. The former will decide it as well and often better than the latter, because he has not been led astray by artificial rules." *Writings*, edited by Paul L. Ford (New York and London, 1892-1899), IV, 428-429.

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as a thinker and a statesman has been subjected to various and conflicting interpretations.[2] These differences in interpretation stem from Wilson's effort to unite the forces of traditionalism and reform, which in subsequent history have formed the basic lines of demarcation in American political thought and action, and from the fact that he was essentially a transitional thinker, striving to bridge the change from the unity of eighteenth-century rationalism to the atomism of nineteenth-century individualism.

Wilson was a Scotsman by birth, who received an extensive classical education in the universities of St. Andrews, Glasgow and Edinburgh. Arriving in Philadelphia in 1766, he studied law in the office of John Dickinson, and entered upon a political career which included active participation in the Revolutionary controversy, the signing of the Declaration of Independence, organization of the Federalist Party in Pennsylvania, membership in the Constitutional Convention of 1787, and service on the first bench of the Supreme Court of the United States. In 1790-1791 he delivered a series of lectures to commemorate the founding of the Law School of the College of Philadelphia (now the University of Pennsylvania), in which he gave great

[2] A full-length biography of Wilson has yet to be published. The most complete account of his life is contained in Burton Alva Konkle's *Life and Writings of James Wilson* (6 vols., typescript, Library of the American Philosophical Society, Philadelphia). The bulk of Wilson's manuscripts are in the archives of the Historical Society of Pennsylvania, Philadelphia. R. G. Adams has shown the force and originality of Wilson's arguments during the Revolution in his *Political Ideas of the American Revolution* (New York, 1939), ch. 7. Max Farrand places Wilson "next in importance in the Convention to Madison and Washington." *The Fathers of the Constitution* (New Haven, 1921), p. 112. B. F. Wright, Jr., has declared that Wilson's law lectures represent "the best statement we have of the considered legal theories of one of the founders of American constitutional law." *American Interpretations of Natural Law* (Cambridge, Mass., 1931), p. 281. However, interpretations of the nature and influence of Wilson's thought vary. Professor Charles Grove Haines, discussing his views on the judiciary, classes Wilson with Hamilton as one with "conservative inclinations". *A Government of Laws or a Government of Men: Judicial or Legislative Supremacy* (Los Angeles, 1927), p. 3. But Professor Homer C. Hockett, referring to his arguments in favor of popular sovereignty, declares that "Wilson ranks with James Otis and Thomas Jefferson as one of the great democrats of the formative period of the Republic." *The Constitutional History of the United States*, Vol. I: *1776-1826* (New York, 1939), p. 219.

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attention to the exposition of what he considered to be the true metaphysical basis of the American constitutional system.

The key to the unique features of Wilson's thought may be found in this metaphysical discussion. The concepts he used were taken directly from the Scottish, or "common sense", philosophy, a school of thought which was being developed concurrently with his attendance at the Scottish universities. The Scottish philosophy is relevant to an understanding of American theories of the natural law basis of society and the moral purposes of government, because it represents an attempt to organize and defend certain moral concepts which were common property in the cultural and political backgrounds of both Scotland and America.[3]

The inception of the school is directly traceable to the efforts of a group of Scottish academicians, during the latter half of the eighteenth century, to refute the skeptical and empirical conclusions arising from the metaphysical system of their colleague and fellow countryman, David Hume. Hume's thought represented the culmination of the subjectivist school, concerned with the problems of knowing, which began with Descartes and led through Malebranche, Locke and Berkeley. The upshot of Hume's metaphysics was the classification of customary beliefs in the reality of the external world, in God, the soul, and a priori natural law under the heading of "fictions".[4] By re-

[3] The popularity and influence of the Scottish philosophy in America have recently been given recognition by Professor Howard Mumford Jones. Referring particularly to the field of literary criticism, he has suggested that the "central problem in American thought, at least until late in the nineteenth century, is the problem of the moral order of the universe. American literary criticism between 1810 and 1835 owed allegiance . . . to critical principles which fused the question of taste with that of morality and which led the critic to think of himself as the 'watchdog' of society. The official philosophy of the period was that of the Scotch school of Common Sense." "The Drift to Liberalism in the American Eighteenth Century", in *Authority and the Individual* (Cambridge, Mass., 1937), pp. 333-334. For suggestive insights into the similarity of the natural law influence in law and politics in Scotland and America, see Lord Macmillan, *Law and Other Things* (Cambridge, Eng., and New York, 1937), pp. 103-110.

[4] Hume's metaphysical principles are stated in his *Treatise of Human Nature* (Edinburgh, 1739), and in his *Inquiry Concerning the Principles of Morals* (Edinburgh, 1751).

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establishing philosophy upon the basis of empirical verification he made possible the development of Utilitarianism as the ultimate standard of judgment in the determination of good. The two major contemporary schools of philosophy, Agnostic Empiricism and (German) Idealism, stem directly from Hume, the former building upon Hume's conclusions, and the latter attempting a refutation through a redefinition of the nature and uses of reason. The Scottish philosophy is today considered to be something of an intellectual backwater, because it was less successful and less subtle than Idealist thought in providing a substitute for Hume's skepticism.[5]

The more important contributors to the Scottish philosophy included Adam Ferguson, Adam Smith, William Robertson, Lord Kames and Dugald Stewart, but the central tenets were given their most complete statement by Thomas Reid, the founder of the school.[6] In the preface of his work, *Enquiry into the Human Mind on the Principles of Common Sense* (1764), he protested that Hume "hath built a system which leaves no ground to believe any one thing rather than its contrary." He proposed, however, to rescue philosophy from this quandary and to reassert the integrity of morality and religion, and to do so he saw correctly that it would be necessary to destroy the original principle of Hume's metaphysics, his theory of "ideas". His primary argument was that Hume's assertion that the content of knowledge consisted exclusively of mere ideas and impressions, thus making direct cognition of a concrete and permanent world impossible, and destroying the reality of widely held religious and moral beliefs, was supportable only by ratiocination and not by experience.

To prove the existence of a material world independent of mental images of it, Reid elaborated a series of principles of proof, which he declared predated all formal philosophy: common sense, which he made a part of reason; the consent of the

[5] For a comparison of the Scottish philosophy and (Kantian) Idealism, see Andrew Seth, *The Scottish Philosophy* (London, 1902), *passim*.

[6] Memoirs of these men and discussions of their thought are included in the tenth volume of *The Collected Works of Dugald Stewart*, edited by William Hamilton (Edinburgh, etc., 1854-1858).

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ages; and the distinctions made in the structures of all languages between objects and the apprehension of them. The same arguments were used to demonstrate the reality of God, the soul, and various principles of morality and natural law. In place of the motives of utility and self-interest, the inevitable by-products of Hume's empirical and atomistic psychology, Reid substituted a variety of immutable and inexplicable instincts, including belief, benvolence, feeling, sociability and will.[7]

Several criticisms of the intrinsic merit of the Scottish philosophy might be suggested,[8] but Wilson's use of the concepts involved, as well as their relation to American political thought, is our primary interest here. The natural law basis of Wilson's thought, with its element of moral compulsion, is well illustrated by the opening paragraph of one of the first of his College of Philadelphia law lectures: "Order, proportion, and fitness pervade the universe; around us, we see; within us, we feel; above us, we admire; a rule from which deviation could

[7] Other members of the Scottish school elaborated and applied these central concepts. Adam Smith, in his *Theory of Moral Sentiments* (London, 1759), selected philanthropy, or fellow-feeling, as the basis of all morality and motivation, thus providing an admirable foundation for the laissez-faire economic doctrines he developed in *The Wealth of Nations* (London, 1776). Adam Ferguson, in his *Principles of Moral and Political Science* (Edinburgh, 1792) and *Essay on the History of Civil Society* (London, 1767), reworked the benevolent views of human nature characteristic of the whole school into a more scientific doctrine of perfectionism, in which progress was seen as the result of interaction between individual and community. His doctrine differed from that of Condorcet, in that the latter stressed individual development and science as the forces behind progress. See Kingsley Martin, *French Liberal Thought in the Eighteenth Century* (Boston, 1929), pp. 289-292.

[8] At least two objections may be recorded. In the first place, while the Scottish thinkers may have rescued philosophy from the harsh implications of skepticism, they have done so only by throwing philosophy into a situation hardly less desperate, through the erection of the voice of the multitude, i.e., experience, in the place of the judgments of philosophers. Second, they have largely assumed the very scheme which skepticism and empiricism call into question, merging experience and reason, morality and ethics, psychology and metaphysics, and proliferating the instincts in a quite unscientific manner. This is not to suggest that their basic assumption as to the incorrectness of Hume's theory of "ideas" or the nonreality of the external world is untenable.

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not, or should not, or will not be made." [9] This statement of the "higher law" reveals clearly that mixture of natural law in the physical and in the moral sense which gave brilliance to the "natural philosophy" of Isaac Newton and his followers, but which has proved capable of creating confusion through oversimplification in both metaphysical speculation and legal thinking. The definition also gives insight into Wilson's method, and shows how he, in common with the Scottish philosophers, failed to develop, as did the school from Locke to Mill, the empirical tendencies present in British thought since the time of Bacon. Wilson constructed his metaphysics very largely through a series of deductive leaps from human nature to the law of nature, without the use of intervening empirical generalizations or hypotheses.[10]

The object of Wilson's metaphysics was to demonstrate the reality of his ideal universe of law, and in so doing to provide a moral order upon which government could be patterned. Since, by his own definition, the existence of this a priori order was a matter of belief, supported by simple observation and moral compulsion, it was necessary for him to defend the concepts of being, consciousness, and a real world—the essential elements in any rational belief. He was keenly aware of the effect of subjectivist, skeptical and empirical thought upon these basic concepts, and he attacked the whole school with great force and considerable penetration.[11]

[9] Wilson's *Works*, edited by Bird Wilson (Philadelphia, 1804), I, 55.

[10] Wilson's method may be contrasted with the historical (or so-called inverse-deductive) method of John Stuart Mill, who made the final statement of the methodological tradition stemming from Bacon. Although Mill accepted certain universal laws, self-evident in the structure of the universe and society, they were really irrelevant to his thought. The essential element was his assertion that verification in all fields of thought means relating an empirical hypothesis with the simple facts of human nature as they are understood through common human sympathy. *System of Logic* (9th ed., London, 1875), II, 585.

[11] "Despotism, by an artful use of 'superiority' in politiks; and scepticism, by an artful use of 'ideas' in metaphysics, have endeavored to destroy all true liberty and sound philosophy. By their baneful effects the science of man and the science of government have been poisoned to their very fountains." *Works*, I, 67.

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Taking up the original formula of Descartes, *Cogito, ergo sum,* he suggested two fallacies. First, it assumed the existence of thought, without proving the existence of a thinking being, and if such an impossible assumption can be made, why not assume the existence of being to begin with? Second, it is logically defective, since propositions less evident can be inferred only from propositions more evident, and the arrangement is reversed in Descartes' formula.[12]

Considering the psychology of Locke, Wilson was prepared to admit the sound value of much of this thinker's speculation. His concept of reflection, for example, is the necessary condition of thought. But where Locke begins to err is in the admission of "ideas" into this reflective process. To demonstrate the unsoundness of the belief that what the mind perceives is not reality, but only the image of reality, Wilson pointed first to the consequences of this assumption. Locke's psychology led on the one hand to the complete skepticism of Hume, and on the other to the complete materialism of Priestley, who included ideas in matter just as Hume included matter in ideas.

But Wilson hoped to make his critique more than a mere protest against the difficult implications of skepticism. He produced his own psychological data to prove the nonexistence of "ideas". If the mind were aware only of the image of reality, we would be conscious of those images on the retina of the eye, rather than conscious of objects, as such, in space. Further, since we have two eyes, we would see everything double. And finally, since images are inverted on the retina, we would see everything upside down. These ingenious arguments might well be challenged on the basis of more scientific information on the relation between the neurology of the eye and the cortex of the brain, but they do suggest a dilemma which neither psychologists, physicists nor philosophers have yet succeeded in resolving. This dilemma arises from the fact that while it is possible to prove the existence of thought with purely psychological laws and the existence of a material world with purely physical laws, the link between the two spheres

[12] *Works*, I, 276.

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has not yet been satisfactorily forged by any single science. A substantial group of modern philosophers has been driven to accept the reality of being and the world on the basis of a solution practically the same as that adopted by Wilson.[13]

This solution is arrived at by the process of elimination. If the skeptical metaphysics is fallacious, the only alternative is to accept the concepts of being and a real world because consciousness informs us that they exist. As for the ultimate validity of this proof, Wilson explained: "If I am asked to prove that consciousness is a faithful and not a fallacious sense, all the answer which I can give is—I feel, but I cannot prove; I can find no previous truth more certain or more luminous, from which this can derive either evidence or illustration." [14] With the Scottish philosophers, Wilson identified consciousness and common sense, or intuition, and asserted that only through this faculty can we come to an understanding of the first principles of all knowledge. This is reason as judging of those things self-evident. The second and supplementary function of reason he declared to be the demonstration of those things not self-evident, through evidence, analysis and logic.[15]

[13] *Cf.* C. E. M. Joad: "I fail to see any warrant for assuming the existence of an intermediate existence, whether it be called 'idea' as by Locke and Berkeley, 'sensible quality' as by Stout, 'sense datum' as by Mr. Russell, meaning patch of colour or rap of sound, or 'presented sensation' as by Dr. Moore. Such an intermediate entity can only serve the purpose of intervening between the mind and Reality, and preventing our having any direct knowledge of the latter, any knowledge of Reality at all, that is to say, except what is arrived at by inference. I prefer to think that we are in perception in contact with Reality itself, . . . that it is the peculiar function of the mind to know in this way things other than itself, a function which is unanalysable and, if you like, inexplicable, and that error and illusion creep in through the tendency of mind to go out beyond and piece together the fragmentary views of Reality given by the sense." *Essays in Common Sense Philosophy* (London, 1933), pp. 45-46.

[14] *Works*, I, 243.

[15] *Works*, I, 256-257. Wilson was unaware of the solution to the skeptical dilemma provided, as early as 1781, by Immanuel Kant, who proceeded to show that truths independent of direct experience may be attained through the autonomous power of the mind, i.e., as in mathematics. *Critique of Pure Reason* (London, 1881), II, 1-4. Kant's "practical reason" was in some respects similar to the Scottish "common sense", but its incapacity of verification through logical processes was admitted and its function more carefully limited. *Critique of Practical Reason* (London, 1909), pp. 1-31.

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Having made intuition part of reason, Wilson found that other basic metaphysical problems readily succumb. Free will exists since the majority of men have an intuitive conviction that meaningful choices are within their power. Consequently, men are morally responsible for their actions. Further, man is a social being and can attain happiness and direction only through society. "Our moral perceptions", Wilson declared, "indicate in the strongest manner, our designation for society."[16] He viewed society as a natural and moral entity, analogous to the concept of community shared by Classical, Catholic,[17] and certain modern thinkers,[18] thus rejecting the atomistic, nineteenth-century theory which saw the welfare of society only as the by-product of individual prosperity.

The objection to Wilson's metaphysics that immediately suggests itself is that if first principles must be assumed intuitively, and cannot be examined by ordinary rational processes, how can their nature be understood, and how can the possibility of divergent intuitive judgments on particular principles be avoided? Wilson attempted to escape the toils of his own logic in at least two ways. In the first place, he asserted a stable and universal content as the subject matter of intuition. The "moral perceptions" which he urged in support of the validity of intuition were identical with instincts, and he attributed to them the supernatural origin and motivating power which have

[16] *Works*, I, 292.

[17] Moorhouse F. X. Millar, S. J., in the preface of May G. O'Donnell's pamphlet, *James Wilson and the Natural Law Basis of Positive Law* (New York, 1937), approves Wilson's insistence that "man is by nature both a social and a political creature. This is not only in line with what is distinctively Thomistic and Suarezian doctrine, but is in full accord with what Pope Leo XIII commends to our reason as Catholics." For a more extended consideration of Wilson's thought from the Catholic viewpoint, see W. R. Obering, S.J., *The Philosophy of Law of James Wilson* (Washington, 1938).

[18] Professor Robert M. MacIver has developed a neo-Aristotelian concept of community similar to that which Wilson, in less detail, expounded. "Custom . . . and law . . . are both expressions of the social sense, the sense of solidarity, the sense of common interest. In this subjective fact we find the root of the unity of society, not in the state, which is only a form through which that unity is expressed. We are here in the sphere of values, which must be felt before they are established." *The Modern State* (Oxford, 1926), p. 481.

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made them the *bête noire* of modern psychology.[19] In addition, Wilson expanded the content of intuition to include other than purely metaphysical concepts. Legal rights, for example, of which Wilson asserted there were four—life, liberty, property and character—[20] were not only intuitively comprehended and transcendentally secured as part of the universal hierarchy of law; they were also assumed to be the basis of the legal system of democratic governments, whether specifically stated or not.

In the second place, Wilson argued the perfectibility of the intuitive processes. Through the exercise of "moral perceptions" intuitive judgments could be made more dependable and the possibility of conflicting individual judgments reduced. His optimism bore a direct relation to the theory of perfectionism of Adam Ferguson. He was convinced that it was "the glorious destiny of man to be always progressive," and that in society human improvements could be "carried on progressively to degrees higher and higher, above any limits which we can now assign."[21] This benevolent view of the potentialities of human nature is a condition which obviously lends great promise to democratic processes and forms a background favorable to the growth and vitality of moral standards of judgment in social and political questions, since it provides an antidote and corrective for the static and repressive quality of morality per se. It was a perfectionism which corresponded

[19] The concept of instinct has been attacked as being crudely supernatural and useful for logical rather than experimental purposes. See Knight Dunlap, "Are There Any Instincts?", *Journal of Abnormal Psychology*, vol. XIV (1919), pp. 307-311; L. L. Bernard, *Instinct* (New York, 1924), *passim*. William McDougall, the chief defender of instinct, has replied, as Wilson would have, that to deny certain hereditary urges, feelings and affinities would be to ignore observable forces in the human character, particularly in its social aspects. "The Use and Abuse of Instinct in Social Psychology", *Journal of Abnormal Psychology*, vol. XVI (1922), pp. 285-333.

[20] *Works*, II, 467 *et seq*. The addition of the right of character is unique with Wilson and reveals his appreciation of what is perhaps the most enduring contribution of natural law to democratic thought, the concept of the human personality as an ethical value in itself.

[21] *Works*, I, 299.

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very well with the general spirit of expansion and progress of nineteenth-century United States, in which moral and material advancement were viewed as mingled and interdependent. It may be taken as the American substitute for the more systematic evolutionary Utilitarianism popularized in England by Herbert Spencer.

The relation between Wilson's metaphysical concepts and his views on the structure and organization of American government was not always made explicit. However, a logical relation is readily demonstrable, and further justification for assuming an influence is found in the fact that his governmental doctrines cut across the existing political alignment of his day. The three major principles he advocated during his career as a statesman were: the fundamental importance of basing political action upon popular consent as expressed through republican electoral machinery; nationalism, as opposed to state sovereignty; and judicial review of legislative acts. The first of these principles was one usually defended by the Antifederalists, and considered radical, while the last two were peculiarly the property of the Federalists, and used for conservative purposes.[22]

Wilson first had occasion to defend the doctrine of popular consent during the Revolutionary debates, but he was perhaps the only statesman of the Federalist group to give it more than lip service after the Revolution. In the Constitutional Convention he vigorously supported direct election for senators and president as well as for the members of the lower house,[23] and in the Pennsylvania constitutional convention of 1790 he was responsible for the institution of direct election of state senators rather than by the electoral college, arguing at length on the value of the closest possible relation between voters and their

[22] It is noteworthy that the doctrines of strong national power and popular consent were not united in party programs until the advent of Jacksonian democracy, and were not used to support a considerable body of legislation until the administration of Franklin D. Roosevelt.

[23] *Records of the Federal Convention of 1787*, edited by Max Farrand (New Haven, 1911-1937), I, 68, 359.

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representatives.[24] Wilson's defense of the widespread use of the franchise was the practical expression of his faith that men are capable of free and meaningful choices on the basis of common sense judgments. While Wilson rejected Locke's psychology, he found, as did the great English thinker, that the defense of man's rationality is a useful weapon for the advocacy of political equality and the justification of the decisions of the average man.

The second of these principles, nationalism, was also related to Wilson's metaphysical defense of popular consent and political equality. Historically, nationalism has developed concurrently with theories of consent and equality, for the concept of nationality admits of no degrees within its range. More immediately, Wilson's nationalism was based upon a particular interpretation of the significance of the American Revolution. If, as Wilson asserted, "the supreme, absolute, and uncontrollable power in our governments *remains* in the people,"[25] then the separation from Great Britain and the subsequent establishment of a national government were acts of the people and not of the sovereign states, and the United States thereby became a united nation from the time of the Declaration of Independence. This interpretation was by no means orthodox in the light of the wording and intent of the Articles of Confederation. However, as early as 1784 Wilson attempted to prove the "inherent supremacy" of the national government.[26]

[24] "Speech on Choosing the Members of the Senate by Electors", *Works*, III, 313-335.

[25] *Debates in the Several State Conventions*, edited by J. Elliot (Washington, 1836), II, 434. Wilson's italics.

[26] "Considerations on the Bank of North America", *Works*, III, 413 *et seq.* The first statement of the theory that supremacy inhered in the national government from the time of the Declaration of Independence seems to have been made by Thomas McKean, of the Pennsylvania Supreme Court, in the case of *Respublica* v. *Sweers*, 1 Dallas 41 (1779). The argument was not widely accepted in Wilson's day, and was not taken up again until Daniel Webster revived it in the great debates on the nature of the Union, preceding the Civil War. See his "Speech in the Senate, February 16, 1833", *The Great Speeches and Orations of Daniel Webster*, edited by E. P. Whipple (Boston, 1879), p. 276.

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As justice of the Supreme Court he assumed the broadest possible view of national power and used it in several cases to deny assertions of state sovereignty.[27] Since he rejected the concept of sovereignty as absolute or autonomous, and traced it rather to the consent of the people as a whole, the national government, to his mind, had a superior claim to ultimate authority.

Thus considered, Wilson's nationalism may also be related to his conception of the communal and moral nature of society. There is, of course, no unalterable connection between the concept of community and any particular internal arrangement of state power. But Wilson, as an immigrant, had no sectional loyalties, and the natural boundary of the American community was, to him, the nation itself, rather than a particular state. This application of his concept of community, taken with his perfectionist principles and applied to the course of American political development from Declaration to Constitution, would lead to the view that state sovereignty was anachronistic in spirit and effect.

The third of Wilson's major political principles, judicial review, he first advocated in the Constitutional Convention while unsuccessfully supporting the Council of Revision, an institution designed to review and revise legislative acts.[28] In 1790 he declared in his law lectures that it was the responsibility of the courts to veto Congressional laws which they judged to be in violation of the superior law of the Constitution.[29] In 1796 he joined in and probably wrote a decision of the circuit court actually denying force to an act of Congress, the first under the Constitution.[30] There can be no doubt that he envisaged for the Supreme Court a power of legislative review fully as broad as that appropriated by John Marshall in 1803 in the case of *Marbury* v. *Madison*,[31] a power, that is, to review acts affect-

[27] *Chisholm* v. *Georgia*, 2 Dallas 43 (1795); *Grayson* v. *Virginia*, 3 Dallas 320 (1796); *Ware* v. *Hylton*, 3 Dallas 199 (1796).

[28] *Records of the Federal Convention*, I, 94, 98, 100, 106.

[29] *Works*, I, 461-462.

[30] *Hayburn's Case*, 2 Dallas 409 (1792).

[31] I Cranch 137 (1803).

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ing the judicial branch, and by implication any act which, in the eyes of the Court, violated the letter of the Constitution. Wilson's view of the law, as the embodiment of moral principles, leads naturally, in the words of Professor Charles Grove Haines, to the necessity of "guardians . . . to be placed in the watch tower to warn against and resist violations of these principles."[32]

The potential contradiction between Wilson's defense of popular consent and his assertion of the right of judicial review over the acts of the legislature—the immediate agent of the popular will—points to the leading omission in his thought, which is the neglect of political pressures and economic interests in the processes of government. So long as natural law intuitively understood was taken to be the basis of law and was to be reflected in governmental policy, there was little possibility, in Wilson's reasoning, that serious conflicts of interests would arise to set the judiciary at variance with the popular will as expressed through the legislature. It was in part this gloss over the hard realities of social and political conflict that made it possible for Wilson to advocate at the same time both liberal and conservative doctrines. The translation of interest conflicts into constitutional abstractions is a characteristic by-product of the American system, and Wilson was one of the first of a long line of "judicial statesmen" to exploit this method.

The importance of the moral element and of natural law in the Scottish philosophy, and their influence upon American political thought through such thinkers as James Wilson, gives several clues to the significant problem of why English Utilitarianism has not enjoyed a wide popularity in America. The question is particularly relevant to Wilson's theory since he began with a metaphysics developed as a conscious refutation of the skepticism of Hume, with which Utilitarianism was philosophically oriented.

The father of political Utilitarianism, Jeremy Bentham, found in Hume the philosophical criteria with which to evaluate

[32] *A Government of Laws or a Government of Men*, p. 3.

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good laws.[33] Relating skepticism to the realm of legal and political action, he asserted that the moral sense so dear to the Scottish thinkers, and to the English "Moral Sense" philosophers, was simply a label "for avoiding the obligation of appealing to any external standard and for prevailing upon the reader to accept the author's sentiments or opinion as a reason for itself . . . and these sentiments, you are to understand, are so many chapters and sections of the law of nature."[34]

For the moral sense with its natural law content, Bentham substituted his pleasure-pain calculus, an explanation of human motivation that is as incomplete as the Scottish philosophy is overreplete. Bentham, as Mill pointed out, did not recognize conscience "as a thing distinct from philanthropy, from affection for God or man, and from self-interest in this world or the next."[35] Utilitarianism challenges the meaning of morality as understood by Wilson by assuming that men act in response to a conscious estimate of their selfish interest. In the sphere of social action this limited, external standard destroys objective ethical norms, or at least reduces them to manipulative devices.

However, in the environment in which it found expression Utilitarianism represented a progressive force. Under the aegis of the movement greater democratic control in Parliament was established, suffrage widened, the civil service expanded, and a great number of legal reforms secured. These reforms were carried out exclusively by the legislature. Bentham frequently expressed an antipathy for "Judge and Co." and, like Austin who followed him, scorned Mansfield's theory that the judiciary was better suited to protect the law than the legislature.[36] It is not without significance that when an empirical influence first began to make itself felt in American law,

[33] See the remarks by Sir John Bowring in the preface to Bentham's *Works* (Edinburgh and London, 1843), vol. I.

[34] Quoted in W. Graham, *English Political Philosophy* (London, 1919), p. 186.

[35] J. S. Mill, *Dissertations and Discussions* (London, 1867), I, 359.

[36] See Henry Maine, *Lectures on the Early History of Institutions* (3rd ed., London, 1880), pp. 49-50.

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through the work of Holmes, Brandeis, Pound and others, as a reaction against natural law principles which had become artificial and reactionary in effect, the same suspicion of moral elements in the law, the limitation of judicial discretion, and a greater reliance upon legislatures were expressed.

The issue between the schools of political thought represented by Wilson and by Bentham was not over the value of democracy, but over the elements which constituted it, and the mode of its expression. Both traced political authority ultimately to the people; in the case of Wilson to the God-fearing, property-respecting man, and in the case of Bentham to the shopkeeper with the policeman around the corner. But the presence of natural law in Wilson's system led to the erection of a structure of government in which the judiciary was granted ultimate supremacy and which was thereby well suited to safeguard the moral foundations of society, while the utilitarian criteria of Bentham resulted in an emphasis upon the legislature as the organ best suited to reflect and satisfy the material needs of the people, through empirical and experimental political policies. Conceivably, reform in England might have been accomplished under natural law principles, for one of the historic functions of these doctrines has been the adjustment of institutions and ideas to changing conditions.[87] But these doctrines lacked originality, had been largely appropriated for other purposes by conservative and traditional interests, and in any case had never been easily reconcilable with the English legal system. Natural law in America, however, because of its use during the Revolutionary and Constitutional periods, acquired and maintained, until the advent of the twentieth century, an authenticity and vitality which it had long since lost in England; hence, the bifurcation of what was originally a single intellectual tradition.

The Utilitarian approach to democracy has become increasingly valid as justice and progress have come to be equated more and more in economic rather than political and legal terms. Utilitarianism directs attention to the problems of interests, even if it does not provide a complete interpretation

[87] Paul Vinogradoff, *Common-Sense in Law* (New York, 1914), p. 69.

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of economic and political motives or an ultimate formula for their reconciliation. But an inability to cope directly and honestly with the practical effects of the clash of interests in government and society has been a leading characteristic of the natural law democratic tradition in America.

Historically and substantively natural law democracy was formulated in terms of the external problem of defense and resistance against authoritarian political, economic and military doctrines, while Utilitarian democracy has had reference chiefly to the internal problem of adjusting democratic ideals to the realities of social needs. The radically new basis upon which Hume reëstablished philosophy was simply the reorientation of man in relation to his own thought rather than to an a priori moral universe. In like manner Bentham turned democratic political thought from the contemplation of the theory to the workings of democracy. In America, however, legal minds were preoccupied with principles and structures, while an expanding and self-sufficient economy produced a dominant belief that governmental regulation and directed social reform were unnatural and baneful in effect.

Under these conditions, Wilson's metaphysical concepts, drawn from the Scottish philosophy, which was concerned with defending an objective moral order and natural law principles, were admirably suited to relate existing moral ends to existing political and legal problems. Of these concepts—the reality of being and the world, free will, the moral nature of society, the perfectibility of human nature, moral perceptions, and common sense judgments—it may be said that they are all valid and important to democratic thought, even if, in a sense, they are only platitudes. They represent a comprehensive statement of the metaphysical assumptions of the natural law democratic tradition. If they are less applicable than the Utilitarian metaphysics to the practical problems of widening democratic control through legal and social reform, they nevertheless will remain a vital object of defense whenever, as today, the whole theory and structure of democracy are subject to attack from without.

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ON THE WAGE STRUCTURE OF AGRICULTURE*

DISCUSSIONS of workers' wages and earnings usually emphasize the level of compensation and its changes over time and in different occupations. Less often considered is the structure of compensation, the question of *how* workers are paid, rather than how much, and the implications of different wage bases. This second aspect is important from both the practical and the scientific points of view. For example: recent legislation regulating wages—particularly the Fair Labor Standards Act—has usually been phrased in terms of hourly minima. Since workers are actually paid by the day, week, month and piece, as well as by the hour, difficulties have arisen in determining whether a given mode of compensation results in wages which satisfy the law. The impact of legislation with such specific provisions tends to change the customs of wage payment in different industries, making them more easily reconcilable with the regulatory act.

In agriculture, the structure of wages is extremely complex with practices varying from crop to crop, area to area, and—frequently—farm to farm. Although the Fair Labor Standards Act does not apply to agricultural laborers, the Sugar Acts of 1934 and 1937 have made benefit payments to growers conditional upon payment of wage minima set by the Secretary of Agriculture.[1] He, in turn, has had to wrestle with the problem of setting those minima against the background of the industry's customary practices. Should minimum wage and other social legislation be extended to agriculture in the future, the complexities of different modes of payment would have to be faced. Today, as the government attempts to organize the

* The author wishes to acknowledge his obligation to the Columbia University Council for Research in the Social Sciences which generously financed the field research during which the materials for this essay were gathered.

[1] Carl T. Schmidt, *American Farmers in the World Crisis* (New York, 1941), p. 170.

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farm labor market through a widespread system of employment offices, a detailed knowledge of farmers' payment practices is essential if misunderstanding and friction are to be avoided. California has already taken the lead in gathering such data.[2] Even for the purpose of constructing and interpreting our more general statistical series on farm workers' wages, incomes, and the cost of hired labor to farmers, it is necessary to know the precise components of the agricultural labor bill. Where such knowledge is lacking or defective, important errors may occur.[3] Finally, it may be pointed out that differences in compensation structure between areas and over time give significant evidence of trends in production organization and socio-economic relationships.

Scientific interest in farm workers and the institutional organizations under which they are employed is of relatively recent date, and available information in this field is less than that for similar large groups of workers in urban occupations. In part, this has been a result of the tradition which portrayed the American agricultural laborer as the son of a farmer, working for another farmer so as to gain the experience and some capital necessary to help him rise into the tenant class and finally to the status of an independent owner. He was the social equal of his employer, ate at the same table with him and slept under the same roof. When Saturday night came this

[2] *Cf. Wages Paid in Agricultural Occupations, All Counties, State of California, Year 1939*, Farm Placement Service, Bureau of Employment Security, Los Angeles, California.

[3] For example: as part of its parity income studies designed to give specific objectives for national agricultural policy, the Department of Agriculture has estimated the cost of hired labor to farmers for the years 1927-38. An essential assumption made during this calculation was that the proportions of workers paid by the month and by the day did not vary greatly over this period so that known data for 1927 could be used for each year until 1938. More recent data for 1939 and 1940, cited later in this essay, show, however, that these proportions have changed materially since 1927, thus raising the presumption that serious errors may have crept into the calculation because of the assumption referred to above. *Cf. Income Parity for Agriculture*, Part II, "Expenses of Agricultural Production", Section 1, "The Cost of Hired Farm Labor", Bureau of Agricultural Economics (Washington, 1939). Hereafter referred to as "The Cost of Hired Farm Labor".

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"hired hand" might take the farmer's daughter to some neighborhood social event, thus perhaps starting a romance which might culminate in marriage and his inheritance of the farm. So runs the tradition. It is easy to see why most social legislation—even that of the New Deal—excludes the farm worker, for what need has he of unions, social insurance, minimum wages and the like, if he is but a temporary hireling? Not until scholars began to understand that many farm workers did not fit into the tradition, and that this country probably had a permanent farm proletariat, did they turn their attention to studying the conditions under which these people worked and lived.

An examination of wage structure in agriculture may help throw some light on these problems. Two subjects must be considered: (a) the relative importance of cash and other elements forming the total compensation of farm workers, and (b) the basis of the cash payment, particularly as between time and piece rates. These matters are complicated by several other factors. First, agriculture is not a homogeneous industry, but is actually a congeries of industries, each with its individual technical conditions and institutional arrangements. Even if we consider the labor required for some particular crop we find that there are wide variations of payment methods among different localities and within relatively small areas. Second, agricultural labor markets are—with some exceptions—highly disorganized.[4] The dispersion of many farms over large areas of the countryside acts as a deterrent to uniformity and wide acceptance of any single wage structure. Information on wage rates, offered and sought by buyers and sellers, can seldom be obtained by the individual worker or farmer, and this lack of information particularly affects the hundreds of thousands of casual and migratory workers. In some regions, concerted action by farmers results in the setting of uniform wages which prevail for a season or longer period of time, but

[4] *Cf. Interstate Migration*, Report of the Select Committee to Investigate the Interstate Migration of Destitute Citizens, House Report No. 369, 77th Congress, 1st Sess., pp. 358-83.

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such united action, important where it does occur, as in California,[5] is a relatively rare phenomenon.

Some idea of the variation in wage structures, even among growers of a single crop in different counties of one state, can be gained from Table I.

TABLE I

WAGE STRUCTURE IN ALFALFA GROWING IN FIVE CALIFORNIA COUNTIES, 1939*

		Method of Payment		
County	*Operation*	*Hourly Wage*	*Daily Wage*	*Piece Rate*
Alameda	Irrigating		$2 **	
	Mowing and Raking		$2 **	
	Stacking		$2 **	
	Tenders			18c. ton
	Bale Rollers			12½–18c. ton
	Forker			18c. ton
	Level Tender			18c. ton
	Spool Tender			10c. ton
	Roustabout			10c. ton
	General Labor		$2 **	
Imperial	Irrigating		$3	
	Mowing, Raking and Baling			$3.50 ton
	General Labor	25c.		
Los Angeles ***	Irrigating	25c.	$2	
	Mowing and Raking	25–35c.	$2–$2.80	
	Stacking	40–50c.	$4	
	Baling	35c.	$2.80	
	General Labor	25–35c.	$2–$2.80	
Madera	All Activities	25c.	$2.50	
Napa	Irrigating	35c.		
	Mowing and Raking	40c.		
	Stacking	40c.		
	Baling	45c.		
	General Labor	35c.		

* *Wages Paid in Agricultural Occupations . . . California, Year 1939*, pp. 1, 8, 13, 15 and 21.

** Plus Room and Board.

*** San Fernando District.

[5] In 1939 California farmers acting together agreed on wage scales for those working on the cotton, fig, grape, peach and walnut crops, at least for particular counties or other limited areas. *Cf. Wages Paid in Agricultural Occupations . . . California, Year 1939*, pp. A-1 – A-4.

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These variations not only indicate different technical conditions of production, such as the greater specialization in Alameda County, but also show what wide differences in payment customs exist within one state. It is interesting to note that in Los Angeles County, those who do the stacking receive more than those baling, while the reverse is true in Napa County. Even greater diversity is shown by examination of the alfalfa wage structures in all California counties, and if data were available for the entire United States they would probably indicate further heterogeneity of structure.

Cash and Perquisites in Farm Wages

For the period 1909-38, the Department of Agriculture estimates that cash wages represented 73 per cent of the total hired labor cost of American agriculture, while the other 27 per cent consisted of the value of perquisites, i. e., of goods and services given hired farm workers in addition to cash.[6] These perquisites include board, lodging, washing, fuel, pasture rights, feed and similar items. The relative importance of cash and perquisites in the total wage bill differs from region to region, and also varies among different types of workers. The first point may be illustrated by the data in Table II.

Although the regional boundaries for the two years studied do not coincide perfectly, the data seem to indicate a clear diminution, from 1917 to 1927, in the importance of the item of board. The Middle West and the Middle Atlantic states, both characterized largely by extensive grain, dairy and general farming, have the highest proportions of workers receiving board in both years, but even in these states the tendency has been downward. Similarly the Southeast and Southwest hold the low positions in both years. But the data are probably too tenuous to enable us to draw any very definite conclusions as to social and economic patterns and their change. Board, after all, is but one item in the list of perquisites and it seems prob-

[6] "The Cost of Hired Farm Labor", p. 1. These percentages remained rather stable each year over the entire period. It is unlikely that the incorrect assumption mentioned in note 3 vitiated the data of this study as regards the relative importance of cash and perquisites in the labor bill.

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TABLE II

PERCENTAGES OF FARM WORKERS RECEIVING BOARD AS PART OF COMPENSATION BY REGION, 1917 AND 1927*

1917		1927	
Region	*Per Cent*	*Region*	*Per Cent*
North Atlantic	62.5	New England	38
South Atlantic	59.4	Middle Atlantic	53
North Central East of Mississippi River	71.1	East North Central	57
North Central West of Mississippi River	82.4	West North Central	75
South Central	53.5	South Atlantic	40
Far West	68.0	East South Central	33
United States	61.9	West South Central	30
		Mountain	78
		Pacific	48
		United States	**

* The data for 1917 were gathered by the Bureau of Crop Estimates and published in the *Monthly Crop Reporter*, March 1918, p. 24, while the 1927 figures, collected by the Bureau of Agricultural Economics, are from "The Cost of Hired Farm Labor", p. 12. Both sets of data are based on reports from the Department of Agriculture's sample of crop reporters.

** Data not given in source.

able that many among those listed as not receiving board in 1917 and 1927 received some other type of non-cash compensation.

The great importance of perquisites in agriculture is to be traced largely to the peculiar physical conditions under which farm work is performed. During their working hours farm laborers are relatively isolated from *commercial* sources of food and shelter. If a worker does not have a home on a neighboring farm or in a nearby village, the farmer must provide lodging for him. The hours of labor on many farms—often from sunrise to sunset—make it desirable to have the worker live right on the farm where he works, so that he loses no time in traveling. Moreover it is often cheaper for the farmer to feed his employees with farm-grown produce and to lodge them on the farm than to pay them the differential in cash which would enable them to feed and shelter themselves elsewhere.[7] The absence of such perquisites from the labor costs of urban indus-

[7] Some of the considerations mentioned here were suggested by George A. Sallee's "An Economic Study of Agricultural Labor in Minnesota", unpublished Ph.D. thesis accepted at the University of Minnesota, 1938.

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try is to be explained, of course, by the diametrically opposite physical conditions existing there.

Two sidelights on this question of perquisites may be noted here briefly. In the first place, preparing meals for the workers, washing their laundry, and otherwise ministering to the comfort of the hired workers, put a great strain on many farmers' wives, a strain of which they often wish to be rid. It is not without significance that much of the advertising issued by manufacturers of farm machinery in recent years has stressed the labor-saving aspect, and pointed out the elimination of work and trouble for women of the household. Many a wheat farmer has probably been convinced by his wife's insistence, rather than by considerations of economy, that a combine to replace his migratory wheat harvesters would be an excellent investment. In the second place, we may notice that in setting minima for workers' pay under the Sugar Act of 1937, the Secretary of Agriculture has explicitly required that in addition to cash, the customary perquisites, such as a house and a garden, must be given to sugar laborers.[8] Similar provisions would probably have to be included in wage regulations set down for other branches of agriculture.

The relative importance of perquisites and cash among different groups of workers has been studied at various times. J. C. Folsom surveyed 3,536 non-casual farm laborers (those hired for a crop season or longer) in 1925, and 5,330 casual laborers in 1926. His findings are summarized in Table III.

TABLE III

COMPENSATION RECEIVED BY NON-CASUAL AND CASUAL FARM WORKERS 1925 AND 1926 *

	Non-Casual Workers	*Casual Workers*
Compensation Item	*Per Cent*	*Per Cent*
Cash	60.5	76.5
Board and lodging	23.4	20.1
Other perquisites	16.1	3.4

* J. C. Folsom, *The Perquisites and Wages of Hired Farm Laborers*, Department of Agriculture Technical Bulletin No. 213, 1931. The data were collected from farm operators employing these workers.

8 "Minimum Wages for Sugar Beet and Sugar Cane Labor", *Monthly Labor Review*, July 1941, p. 169.

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These data confirm what we might reasonably have expected on a priori grounds. The casual worker, hired perhaps for the harvest or some other rush season, does not receive a house, a garden, pasture and other similar grants enjoyed by the worker whose stay is more permanent. He is less likely to be allowed to use the employer's horses or vehicles to ride to town on personal business. Since he is often employed only by the day, hour, or on a piece-work basis, he may be transported from town to farm in the morning, and back again in the evening, thus obviating the necessity of providing him lodging.

But one must be wary of dogmatic generalizations. Studying laborers on Louisiana sugar cane farms, Hoffsommer found that the average yearly value of perquisites received in 1936 by the family of a resident laborer, living in a house provided him by the employer, was about $45. The families of nonresident laborers, who received perquisites only three months during the year, received $54 on the average during 1936. This unusual situation arose because the nonresident workers, hired only for the height of the crop year's work, received board, while the non-casual workers did not. Board comprised $41 of the $54 perquisite total they averaged.[9]

In 1934 and 1937, Department of Agriculture studies of wage laborers in various Southern cotton areas showed their perquisites to average about 30 per cent of their total net income,[10] while a 1936 survey of workers in Gloucester, Hunterdon and Monmouth Counties, New Jersey, indicated average monthly expenses saved by laborers because of perquisites received were about equal to their money wages.[11] In the case of Louisiana resident sugar cane laborers, the value of perquisites during the year averaged about 20 per cent of annual cash.

[9] Harold Hoffsommer, *The Sugar Cane Farm*, Louisiana Bulletin No. 320, Louisiana State University and Agricultural and Mechanical College Agricultural Experiment Stations, June 1940, pp. 51, 54.

[10] "Technology and Concentration of Economic Power", *TNEC Hearings*, Part 30, p. 17441.

[11] J. C. Folsom, *Farm Labor Conditions in Gloucester, Hunterdon and Monmouth Counties, New Jersey, April-May, 1936* (Bureau of Agricultural Economics, 1939), pp. 45, 46.

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income.[12] These data further indicate the wide variations among different groups of workers as regards wage and income structure.

There are seasonal fluctuations during the year in the relative importance of different wage constituents. In the Mid-West, for instance, many farm hands working for the entire year get their board and lodging and other perquisites during the entire twelve months, but receive much more cash from March to November than in the other, less busy months, sometimes working only for their keep in the latter period.[13]

Methods of Cash Wage Payment

We shall consider here farm workers who receive cash wages on either a piece or time basis. It has been suggested by many that sharecroppers, who receive the cash value of part of the crop they produce, be included in the farm labor group,[14] but we shall follow the usual practice here and exclude them.

The quarterly wage data collected and published by the Department of Agriculture give monthly and daily rates, but farm workers are also paid on other bases. The more permanent worker who is employed for the entire year, or a crop season, is likely to be paid by the month, while laborers brought in for a short time, or for a special task, are usually paid by the hour, day, week or piece. Even the more permanent worker will drop his monthly compensation agreement and go on a piecework basis during the harvest season, receiving so much per bushel of corn husked or hundred pounds of cotton picked. The oversimplified fashion in which the Department of Agriculture's published wage data are presented may sometimes conceal important movements. It is unfortunate that piece rates data are regularly collected by the federal government

[12] Hoffsommer, *op. cit.*, pp. 42, 51.

[13] Farm Labor Report, Brown County, South Dakota, typewritten copy of which is available in the Bureau of Agricultural Economics Office in Lincoln, Nebraska; and Tom Vasey and J. C. Folsom, *Survey of Agricultural Labor Conditions in Hamilton County, Iowa* (Washington, 1937), p. 11.

[14] Karl Brandt, "Fallacious Census Terminology and Its Consequences in Agriculture", *Social Research*, Feb. 1938, pp. 19-36.

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only for cotton,[15] although this mode of payment is important for the harvesting of many other crops, as well as in other phases of farm work.

The considerations which dictate the mode of wage payment that a farmer will adopt are many, and we can here indicate only a few of the leading factors. If a piece basis is to be adopted, there must obviously first be a task which can be accurately measured in equal units. This condition is satisfied during the harvesting of most crops, where the worker's performance may be judged in terms of the physical volume or weight of the produce he has gathered. On the other hand, however, general farm labor is ill adapted for payment by unit of work accomplished. In one day the farm hand may milk cows, perform miscellaneous chores, plow a field, repair a barn door, and make himself useful at a dozen other tasks, all of which have no common denominator other than the time it takes to do them. But these conflicting factors of specialized versus general labor do not exhaust the considerations. Beet workers cultivating a field may be paid by the acre, the row, the hour, the day, the week, or by the ton of final product. Similar variations may be found in the means of payment for other farm operations, as indicated by the California alfalfa data quoted earlier. Workers frequently prefer a piece-rate basis because they can increase compensation by increased effort; and farmers anxious to harvest a perishable crop may be glad to use the piecework wage incentive to assure prompt and efficient work from their help. On the other hand, the worker eager to maximize his earnings may sacrifice care at the altar of speed and injure fragile fruits and vegetables, so that even a penalty reduction in his pay for such carelessness may not recompense the owner for the loss of a portion of his investment.

Local custom and the circumstances of each individual farm are very important factors in determining modes of payment. The introduction of farm machinery has increased the seasonality of labor need, reducing the requirements for year round or crop season workers paid by the month, and making a greater

[15] R. F. Hale and R. L. Gastineau, *Reliability and Adequacy of Farm Wage Rate Data* (Agricultural Marketing Service, Washington, 1940), p. 3.

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proportion of those hired during a year temporary workers, used only when needed at times of peak labor demand and paid by the hour, day, or unit of accomplishment. It has been suggested that the commercialization of agriculture might be measured by the increasing proportion of workers paid on a basis other than the monthly wage of the traditional hired hand.[16] Competition between farmers for workers may tend to change the wage structure. During World War I, for instance, in some parts of the Mid-West farmers lured harvest workers from their neighbors by promising to pay them by the hour at a rate which would enable them to make as much in eight hours as they received in the form of a daily wage for an eleven-fourteen hour day at their former job.[17] Government wage minima in the sugar industry have had some effect in making for greater uniformity among regions since 1937, when it was found that twenty-two different wage structures existed for beet laborers hired in different areas.[18] Another evidence of the government impact on wage structure for sugar workers is provided by a recent Montana study which indicates that growers have begun to use a sharecropper system to compensate their workers, as against the former definite cash and perquisite wage.[19] By having their workers classified as sharecroppers, growers hope to exclude them from the minimum wage protection of the 1937 Sugar Act, and thus lower their labor cost.

This catalogue of forces affecting the mode of cash payment could be extended almost indefinitely, but the discussion above has indicated some of the considerations involved. The vary-

[16] The author is indebted to Professor Roy E. Wakeley of Iowa State College for this suggestion.

[17] Dr. Donald G. Hay of the Bureau of Agricultural Economics informed the author of this from his personal experience.

[18] Otis E. Mulliken, *Agricultural Labor in the Sugar Industry*, Report presented to the Senate Committee on Education and Labor, May 20, 1940.

[19] Carl F. Kraenzel, "Sugar Beet Labor in Montana", p. 19. This reference is to his original manuscript which had not yet been published by the Montana Agricultural Experiment Station at this writing. At the beginning of 1942 the Department of Agriculture was engaged in expanding its farm labor data so as to remedy partially some of the inadequacies mentioned in this essay.

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ing circumstances found among different crops, different areas, and different farms make generalizations extremely hazardous here, and variety of structure—not uniformity—the rule.

With this background in mind we may consider the available data on modes of cash payment in broad regions of the entire country. These exist for 1917, 1927 and 1939-40, the first two being based on answers received from the Department of Agriculture's sample of crop reporters, and the last from material gathered by the 1940 census. We may look at the two earlier situations first, in Table IV.

TABLE IV

PERCENTAGE DISTRIBUTION OF FARM WORKERS IN UNITED STATES BY METHODS OF CASH PAYMENT, 1917 AND 1927*

1917				1927		
Region	*Month*	*Day Except Harvest*	*Extra Harvest Labor*	*Region*	*Month*	*Day*
North Atlantic	55.8	27.9	16.3	New England ...	74	26
South Atlantic	50.9	34.0	15.1	Middle Atlantic..	79	21
N. Central East of Mississippi River	59.9	24.7	15.4	E. North Central	76	24
				W. North Central	71	29
N. Central West of Mississippi River	62.1	18.6	19.3	South Atlantic ..	64	36
				E. South Central.	54	46
South Central	46.0	35.8	18.2	W. South Central	52	48
Far West	46.9	28.6	24.5	Mountain	75	25
United States	51.6	31.0	17.4	Pacific	68	32
				United States ...	**	**

* The data for 1917 are from *Monthly Crop Reporter*, March 1918, p. 24; 1927 data are from "The Cost of Hired Farm Labor", p. 12.

** Data not given in source.

While these data are not strictly comparable because of different regional definitions and classifications of the farm labor force, several conclusions may be suggested. (a) Both in 1917 and in 1927 more than half the farm labor force was employed on a monthly basis, thus indicating a relatively stable labor group. (b) Considerable variation among regions existed in both years, with the Middle West and the Middle Atlantic and New England areas having labor groups of above average stability and the South showing below average stability. A similar conclusion was indicated by the data regarding per cent

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of workers receiving board as given in Table II above. (c) As between 1917 and 1927, the trend seems to have been toward greater stability, since the percentage of workers receiving monthly wages was generally higher in the more recent year. This conclusion is rather surprising and might indicate the approach to greater farm labor stability, between 1917 and 1927, a conclusion somewhat contrary to the evidence of Table II. We can say little as to the trend over time between 1917 and 1927, at least on the basis of these data since they may be applicable to different periods of the year, and there is great seasonal variation in modes of payment.

The more recent state of affairs is shown in Table V.

TABLE V

PERCENTAGE DISTRIBUTION OF FARM WORKERS IN UNITED STATES BY METHODS OF CASH PAYMENT, SEPT. 24-30, 1939 AND MARCH 24-30, 1940 *

Region	*Month*		*Day or Week*		*Other Hired Labor*	
	1939	*1940*	*1939*	*1940*	*1939*	*1940*
United States	23.8	42.0	49.9	47.9	26.3	10.1
New England	26.3	45.7	54.0	46.8	19.7	7.5
Middle Atlantic	34.1	58.8	50.2	35.6	15.7	5.6
E. North Central ...	37.9	58.2	49.1	36.5	13.0	5.3
W. North Central...	37.0	59.6	45.7	34.9	17.3	5.5
South Atlantic	21.8	32.5	56.8	54.8	21.4	12.7
E. South Central ...	18.0	32.8	62.6	60.6	19.4	6.6
W. South Central ...	10.2	26.3	47.2	61.0	42.6	12.7
Mountain	30.2	55.8	39.0	34.4	30.8	9.8
Pacific	17.2	37.0	39.7	42.6	43.1	20.4

* These percentages were computed by the author from basic data presented in the Census Bureau's Press Release of Sept. 30, 1941.

When we remember that the September data reflect the situation at the height of the harvest period in most areas, and that the March data picture a relatively slack period before planting has begun for most crops, it is immediately apparent from Table V that a marked seasonal variation exists as regards the structure of cash wage payment. If we take the " Other Hired Labor " category as consisting largely of piecework wage recipients—a very likely assumption—we see that during the harvest more than one fourth of United States farm workers are paid on the basis of accomplished work. Since this period is also

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that of peak farm employment, the deficiencies of published data which show only time rates are particularly serious.

But perhaps the most striking conclusion from these data is to be obtained by comparing the monthly percentages shown in Table V with those shown for both 1917 and 1927 in Table IV. Unless the earlier data are extremely defective and unrepresentative it seems likely that an important change has occurred in the wage-paying customs of American farmers. Whereas in 1927, 60-70 per cent of our farm workers were paid on a monthly basis, and in 1917, slightly more than half were so paid, we find that even in the slack season of 1940 only little more than 40 per cent were paid by the month, while during the harvest season less than 25 per cent received this type of cash compensation. These data would seem to indicate a significant decline in the average stability of farm employment, and to suggest that the traditional "hired hand" has become proportionately of much less importance in the farm labor picture than he was a decade or more ago. If most of our farm worker group consists of those having only temporary status and accustomed to short-term jobs, it is unlikely that the great bulk of them are but temporary proletarians busy preparing for their ascent up the ladder to independent ownership. Our social policy, therefore, may perhaps have to be reëxamined so as to treat farm laborers more like their city brothers, thus calling, perhaps, for significant revisions in existing legislation regarding workmen's compensation, old age and unemployment insurance, the jurisdiction of state and federal labor relations boards over agricultural workers, etc. Such conclusions are not proved by the comparison between Tables V and IV, but their probability is strengthened by such an examination. Certainly something significant has happened to the agricultural wage structure between 1927 and 1939-40.

Once again we find significant regional variations in the data. As before, the Middle Western regions—both East and West North Central states—show the greatest percentages of monthly workers both at harvest and slack periods, while the Southern regions are once more near the opposite extreme. The peculiarly commercial nature of agriculture in California, Oregon and Washington — particularly the first state — is

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clearly reflected in the fact that little less than half their workers employed at harvest in 1939 received piece wages. Even in March 1940, almost one-third the labor force in these states fell in this category. This latter phenomenon is partially explained by the California climate which permits harvest of crops in the Imperial Valley and elsewhere when the rest of the nation is shivering in seasonal cold. The high percentages of workers hired by day or week in the Southern states may be evidence, perhaps, of the new labor pattern being built up to replace sharecropping in a South rapidly going over to large-scale, mechanized production. Certainly these data do not indicate any "typical" average pattern of wage structure which can safely be applied to our current agriculture, and this is but one example of the regional and crop differences we must bear in mind when evaluating statements based on averages of our entire agriculture and its people.

We may summarize our main points. (a) Without knowledge of the wage structure of American agriculture, we run the danger of misinterpreting many current statistical data and other information regarding farm labor. In particular, current wage series are to be criticized for their explicit recognition of only two types of time wages, ignoring hourly rates and the luxuriant variety of piece rates. (b) In this paper we have attempted to present the rather fragmentary data available on farm wage structure, both as regards the relative importance of cash and perquisite items, and as regards methods of cash payment. (c) Our data indicate that profound changes in the wage structure of American agriculture have probably occurred over the past decade or more. In turn these changes are but indications that mechanization, government crop control and similar policies, and the other forces which have been reshaping American agriculture have vitally affected employer-employee relationships. In particular we have found reason to suspect that many farm workers are losing stability of employment, that the "hired hand" of tradition is becoming more and more of a rarity, that there is need for revision of social policy toward agricultural labor.

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PUBLIC PAPERS OF FRANKLIN D. ROOSEVELT[1]

SUPPLEMENTING the five volumes which covered the years of the governorship and the first presidential administration of Franklin D. Roosevelt, these four volumes (compiled and collated, like the previous ones, by Samuel I. Rosenman) cover the exceptionally important years of the second administration. As the titles suggest, the first two of these volumes are concerned primarily with our domestic situation and "dedicated", as President Roosevelt says in the opening sentence of the 1937 volume, "to the continuance of faith in democracy as the world's best hope." The last two volumes, in the same spirit of Lincolnian dedication, find the president increasingly concerned with the international problems confronting the nation as the war clouds gathered and finally broke over Europe in the greatest struggle in history for the preservation of freedom and the democratic way of life.

Any attempt to analyze these volumes in detail would be impossible in a review article. But we may point to several features which distinguish them from such other collections of presidential papers as we have. The first feature is their completeness. It is not alone formal presidential messages and proclamations that we have here, as, for example, in the old standard compilation of J. D. Richardson, but letters, speeches, fireside chats, interviews on a variety of subjects which give us a more intimate appreciation of the president's thought and policy than we have in the case of any of his predecessors. Again, 197 of the 663 Items are supplemented by Notes of comment and explanation by the president himself, sometimes running to several double-column pages of fine print. A third outstanding feature is the inclusion of over eighty press conferences, nearly a fourth of the total number held during the administration. These conferences, carefully selected for their importance and reported stenographically

[1] *The Public Papers and Addresses of Franklin D. Roosevelt.* With a Special Introduction and Explanatory Notes by President Roosevelt. Four volumes. 1937: *The Constitution Prevails,* 659 pp.; 1938: *The Continuing Struggle for Liberalism,* 686 pp.; 1939: *War—and Neutrality,* 635 pp.; 1940: *War—and Aid to Democracies,* 741 pp. New York, the Macmillan Company, 1941. $30 the set.

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in full, are perhaps the most valuable, and certainly the most interesting, items in the volumes. Here the president in his informal give and take with the reporters (most of whom he calls by their first names) lays his cards on the table with a trust in his crowded room-full of interlocutors which we could not imagine in a Hoover or a Coolidge. Nor can we estimate the value for future historians of the administration of the matters of policy discussed in these conferences.

Not only, then, do we have in these four volumes and their predecessors a more complete record of the Roosevelt administrations than we have for any other president, but we also have the assurance that this valuable record will be preserved intact for the use of coming generations. While the papers of other presidents are widely scattered, some lost, some destroyed, and some still held jealously from the public (like the papers of the two Adamses in vaults in Boston until 1955, or the Lincoln papers in the Library of Congress which will not be available to the public until 1947), the Roosevelt papers, and, if the urgent incitation of the president himself is accepted, the papers of other public servants high in the administration, will be deposited in the new Roosevelt Library at Hyde Park, New York, and will be immediately accessible to all who wish to study them. At his 508th press conference on December 10, 1938 (1938 volume, p. 629) President Roosevelt outlined the plan which he had recently discussed with a group of scholars, mostly historians, at a luncheon at the White House. Let us quote his own words in the Note to the item of the press conference:

> I came to the conclusion that, as soon after I left the White House as possible, they [my papers] should all be turned over to the United States as public property rather than as a private collection.... Accordingly, after consulting with an advisory committee consisting of leading historians, statesmen, and scholars in the United States, I decided to try to create a central library for study and research into the history of this particular period of time in American life.... I decided to construct this public institution at Hyde Park, New York.... Furthermore, the location of the library near my own residence will enable me in later years to assist in the arrangement, maintenance and development of the collection.

The land for the library was donated to the United States by the president and his mother. The funds for the construction of the stone fireproof and air-conditioned building were contributed by private subscription. The cornerstone was laid by the president in a felicitous speech on November 19, 1939 (1939 volume, p. 580), and

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the completed library was dedicated on June 30, 1941. It will take its place with such institutions as the Clements Library at Ann Arbor and the Huntingdon Library at Pasadena as a treasure house for American historians.

But to return to the volumes. A large part of the 1937 volume is devoted to the fight for judicial reform which was precipitated by Roosevelt's "bombshell" message to Congress on February 5, 1937 (1937 volume, p. 51). As this plan of reform, especially in the feature which called for the "infusion of new blood" into the Supreme Court by the appointment of six new judges, was perhaps the most unpopular move of the whole administration and was rejected by the Senate, it was not strange that the president was earnest and explicit in his defense of his action. The disallowance of nine of the first eleven measures of the New Deal by the Supreme Court had convinced him, especially after "the election returns of 1936 left little room for doubt" that the people of the United States wanted the fight for the New Deal to go on, that "the reactionary members of the Court had apparently determined to remain on the bench as long as life continued, for the sole purpose of blocking any program of reform." (Introduction, p. lxi) Time, he said, would not allow us to wait for vacancies. The process of amendment to the Constitution to curb the Court would be too cumbersome and such amendment could be defeated by one more than one fourth of the states. Roosevelt was accused of wishing to "pack" the Court, to render it subservient to his dictatorial will, to destroy the "palladium of our liberties", and to wreck the balance of power in our tripartite government as consecrated by the Constitution. He lost the fight legally; but he believed that he had won it virtually, because thenceforth the Court ceased to nullify the acts of Congress. "I feel convinced", he wrote (Introduction, p. lxvi), "that the change would never have come, unless this frontal attack had been made upon the philosophy of the majority of the Court. That is why I regard the message of February 5, 1937, as one of the most important and significant events of my administration on the domestic scene. That is why I regard it as a turning point in our modern history." This language will seem rather unconvincing even to many of the president's admirers. What really gave Roosevelt the victory was not so much the "frontal attack" on the aged justices as the fact that resignations and deaths soon created enough vacancies on the bench to afford him the opportunity of appointing most of the

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members of the Court. At present Justices Stone and Roberts are the only members not originally appointed by Roosevelt, and Stone's promotion to Chief Justice was the president's act.

President Roosevelt exposed himself to further criticism in the summer of 1938, when he exerted his personal influence to have certain Democratic Senators (and Representative O'Connor of New York) who were opposed to the New Deal eliminated from Congress. The economic "recession" of 1937 had caused some reaction against the administration and filled the Republicans with hope of winning the midterm elections of 1938 and perhaps the presidential election of 1940. Under these circumstances the president, "as head of the Democratic Party, charged with the responsibility of carrying out the definitely liberal declaration of principles set forth in the 1936 Democratic platform", believed that it was his duty to urge support of the opponents of the disaffected candidates—though George Washington had indignantly refused to interfere in a congressional election. "I am not asking the voters of the country to vote for Democrats next November as opposed to Republicans [the mistake of Woodrow Wilson in 1918] . . . nor am I, as President, taking part in the Democratic primaries", said the president in his fireside chat of June 24, 1938 (1938 volume, p. 399). But the line between Mr. Roosevelt "as president" and as "head of the Democratic Party" was a little too fine for the public to grasp; and the net result of his attempt to "purge" the offending Senators was their easy victory in the primaries and at the polls.

Though reference to foreign affairs is not lacking in the first two volumes, as is witnessed by the president's "quarantine" speech at Chicago on October 5, 1937 (1937 volume, p. 406) and the assurance, in the Kingston speech of August 18, 1938, that the United States would "not stand idly by if the Dominion of Canada's soil were threatened by any other Empire" (1938 volume, p. 491), it is only in the last two volumes that the emphasis shifts decidedly to the international situation. The president, never blind to the danger which the tense situation in Europe and the Far East boded for the United States, became more and more anxious for the modification of the neutrality legislation of 1937, which he believed a hindrance rather than a help to the preservation of our neutrality. "The issue really is", he declared in an address to the Pan-American Union on April 14, 1939 (1939 volume, p. 195), "whether our civilization is to be dragged into the tragic vortex of unending militarism punc-

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tuated by periodic wars, or whether we shall be able to maintain the ideal of peace, individuality and civilization as the fabric of our lives." On the same day he sent telegrams to Hitler and Mussolini asking them to coöperate in bringing a peaceful solution of the tense situation in Europe, to which he received no reply. Again, on August 24, when the Polish crisis was coming to a head, he begged Hitler not to resort to war (1939 volume, p. 444). A week later Hitler's invasion of Poland precipitated the second world war.

President Roosevelt realized from the outbreak of the war that the eventual safety of the United States depended upon as complete as possible coöperation with the democracies; and the 1940 volume, as its title indicates, is devoted chiefly to the measures calculated to prepare us for such coöperation. "There can be no appeasement with ruthlessness", he said in a fireside chat of December 29 (1940 volume, p. 633). "We must be the great arsenal of democracy." To this end, he urged (against bitter opposition from many quarters) large appropriations for national defense (1940 volume, pp. 230, 250, 286), introduced conscription (p. 428), promised the support of material resources to the nations fighting the dictators (p. 259), and began to make good his promise by turning over to Great Britain fifty over-age cruisers in return for the lease of certain naval bases on the Atlantic coast (p. 391). Though we maintained a technical neutrality until more than a year after Roosevelt's election for a third term, that neutrality was wearing thin, as was the case in the months preceding our entrance into the first world war. The next volume in this remarkable series will have to furnish the story of cumulative provocations of the Nazis and the Japanese, culminating in the dastardly attack of the latter on Pearl Harbor, which united our nation in the determination to join the democracies in putting an end to the totalitarian menace.

These volumes are no less distinguished for their accuracy than for their importance. Only a few slips have been noticed by the reviewer. On page 93 of the 1937 volume the Bonneville project is located 60 miles from Portland, Oregon, instead of 40 miles, as corrected on page 98. The Buenos Aires conference should be dated December 1936, not December 1937 (1937 volume, p. 227). The Sherman Antitrust Act of 1890 is spoken of as passed "nearly forty years ago", instead of nearly fifty years (1938 volume, p. 314). The world's population is underestimated at "a million and a half human beings" on page xxvii of the 1939 volume. Perhaps the

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most serious criticism of President Roosevelt's statements is his repeated pledge that no American boys would be sent abroad to fight. To the "mothers and fathers" of the American youth he declared in an address at Boston on October 30, 1940 (1940 volume, p. 517): "I have said this before, but I shall say it again and again and again—your boys are not going to be sent into any foreign wars." Again, on December 29, he said in his fireside chat (1940 volume, p. 640), "You can nail any talk about sending armies to Europe as deliberate untruth." The fact that most of these assurances were given during a presidential campaign in which Mr. Roosevelt's opponents were constantly charging him with the desire to lead the country into war may partially explain, but hardly justify, pledges which he must have realized did not lie within his own power to fulfill.

DAVID S. MUZZEY

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REVIEWS

Victory Through Air Power. By ALEXANDER P. DE SEVERSKY. New York, Simon & Schuster, 1942.—x, 354 pp. $2.50.

This book was obviously intended by its author and publisher to provoke controversy. In adopting it, the board of editors of the Book-of-the-Month Club warned readers that it represented one man's ideas, and that they should not necessarily feel impelled to flood their congressmen with telegrams after a hasty reading. Distinguished reviewers, such as Charles A. Beard and Walter Lippmann, have hailed it as the most important book yet printed on the war. On the other hand, one intelligent and articulate soldier wrote that after thirty minutes' reading he was so irritated at Seversky's know-it-all attitude and by his angry unwillingness to concede that anyone else knew anything about modern war, that he was sorely tempted to pitch the book into the waste basket where it belonged. Obviously we are dealing with no ordinary book! Its appearance, just after air power had been revealed as the decisive factor in the Japanese conquest of the southwest Pacific, just before the first British thousand-plane raid on Germany, and just before the Midway battle in which planes alone decided the issue, added to the impact which the book made on the public mind.

Major de Seversky regards himself as the exponent of a new weapon, or rather a new concept of warfare. To his mind the two-dimensional heads of armies and navies cannot be expected to see the revolutionary implications of true air power. His book is filled with illustrations of their "strategic illiteracy" and "air blindness". They have been trained in the Clausewitz doctrine that the armed forces of the enemy are the principal objective. He believes that aviation has made possible a new concept of war which involves not the mere defeat of enemy armed forces but which aims at the totality of an opposing nation, its industries, communications, and internal organization. With air armadas built for the accomplishment of these aims, not merely to serve as ancillary forces for an army or navy, directed by air-minded leaders unhampered by "service fixations", he envisages the possibility of a great nation like the United States, guarded by a mechanized army of millions, a two-ocean navy,

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and a traditional air force, being slowly destroyed from the air. The planes of such an armada would require only greater operating range, bomb-carrying capacity, and defensive armament and armor than present types. It is the organization, scale, and basic doctrine of such a force which would give it the supreme effect described by the author. Merely adding 185,000 planes to our present establishment does not mean air power in the Seversky sense of the word. He aims at air power of hemispheric range.

In the opinion of this reviewer Major de Seversky is angrily beating a dead horse, so far as the necessity of convincing the average American reader about the importance of air power is concerned. If he was aiming at convincing our higher military leadership of the validity of his cause, then the tone adopted in the book is unfortunate. There is hardly a page without some bitter charge of stupidity, backwardness, or professional narrowness leveled at the military leadership of Europe and America. It is, of course, just possible that Seversky is right, and that everybody else is wrong. Yet, one feels that less venom and greater precision of expression would have helped rather than hindered his message. One military man has had the good sense to suggest that if Seversky and his publisher really wanted to help win the war, they should have insisted that every single item in the book be checked by the best minds available. While it does not detract in the least from his main message, inaccuracies, such as referring to Major General Henry Gordon Bennett as "commander of the Malayan forces in Australia" (p. 247), do not inspire confidence in the reader. If, after a thoroughgoing check of all Seversky's claims and assertions were made, his main thesis should appear unanswerable, then he would appear as a logical immediate replacement for the highest air command, and immediate official implementation should be given his propositions.

In the nature of things the Seversky program of hemispheric air power seems better calculated to produce victory in the next war than in this one. The casual way in which the author dismisses the years of experimentation and development which ordinarily intervene between drawing-board concepts and fighting planes does not assist his cause. When he quotes Glenn L. Martin as saying that his plant is prepared to place a 250,000 pound plane in production as soon as there is a demand for it, he does not mention the mishap which attended the first trial of the Martin flying boat *Mars* (half as large), or the years of planning and construction which went into the army B-19, whose performance has not been such as to warrant

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that we drop all other types and concentrate on super-bombers. Nevertheless Seversky foresees operating ranges of 25,000 miles possible within five years.

What impressed the reviewer most painfully was Seversky's revelations about the undeniable slowness with which certain nations adopted innovations in the field of military aviation. France clung to outmoded fighter planes long after they were revealed as obsolete. According to the author, government bureaus falsified reports of plane tests in order to conceal their own backwardness. Similarly, he points out that the decision to employ only the underpowered, liquid-cooled Allison motor in army pursuit ships hampered the production of a really formidable fighter plane in this country. While some American pursuit planes, notably the Bell Airacobra P-39, embody the latest developments in design, the limited power of the Allison engine does not permit them to operate at high altitudes. As if to reënforce this observation, the reviewer happened to be listening to a radio report (passed by the censor on July 7) while reading this section of the book. The broadcast giving the views of army airmen in the Australian theater made it clear that until they received planes which would enable them to operate at altitudes favored by the Japanese, they could not completely control the air over northern Australia. Since P-39s and P-40s are in action on this front, it seems to confirm Seversky's claims that advertising programs have concealed the shortcomings of the much-publicized P-39s and P-40s. He warns readers against interpreting claims of the victories of United States Army and A.V.G. flyers over superior numbers of Japanese planes as indicating necessarily superior equipment. These results are the products of individual flying skill and combat-team tactics.

Another serious charge of the author is that military authorities have resisted the building of longer operational ranges into pursuit planes. Here the claims for his own ships would be more impressive if they were given in greater detail and if the statements in the text and illustrations were in agreement. In one place (p. 191) he speaks of the P-35's "comfortable 3000 mile range", while the caption of the illustration facing page 228 speaks of 1000 miles range and a 2000 miles range when modified. The reader can hardly be expected to know just what the author is talking about under these circumstances. Confusion is heightened by his chart of the range of future air power (p. 308) which shows the striking range of fighter planes at 500 miles!

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Since he feels that air power cannot be effectively employed under existing establishments, Major de Seversky proposes a new government department co-equal in rank with that of the War and Navy Departments, headed by a Secretary for Air. His plan calls for the control of all except ship-based planes by the new department. Realizing the difficulties and magnitude of the proposed change in the midst of a war, he wisely proposes that we proceed by first setting up a "mock-up" model of the structure in advance.

H. A. DEWEERD

INSTITUTE FOR ADVANCED STUDY
PRINCETON, N. J.

War as a Social Institution: The Historian's Perspective. Edited for the American Historical Association by JESSE D. CLARKSON and THOMAS C. COCHRAN. New York, Columbia University Press, 1941.—xvii, 333 pp. $3.50.

This book is a collection of twenty-six papers read at the meeting of the American Historical Association in 1940. They were selected on the basis of their contribution to the understanding of "War as a Social Institution". The reviewer is faced with a twofold task: after an evaluation of the single contributions, he has to ask how far the book as a whole represents an elucidation of the theme to which it was dedicated.

Unquestionably the single contributions are of great value and high interest. Only a few which the reviewer found particularly suggestive will be mentioned. Kimball Young in his discussion of the "Psychology of War" makes the point that "we have been moving in the direction of the totalistic pattern of warfare for at least a century and a half" and thereby confutes the frequent assertion "that the concept of total war is born of what is called totalitarianism in the sense of a theory of the political state." H. A. DeWeerd penetratingly discusses the new aspects of civilian-military relations under the conditions of modern war, analyzing the memoirs of leading statesmen of the first World War. Under present circumstances the famous question whether "a democracy can wage a war without destroying itself" sounds rather academic, but it receives a very lively treatment in the discussion between G. E. Mowry and Max Lerner in "The First World War and American Democracy"; it is brought to a timely conclusion in Max Lerner's statement that a war can infuse new vitality in the democratic ideology by giving

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an opportunity to democracy "to become a strong state without becoming a lawless state." A. Rosenberg in a paper on "War and Modern Dictatorship" stresses a point which war propagandists should keep in mind: war may have been the aim of the modern dictators from the outset, but the slogan by which they gained the support of the masses was not war but better social conditions and economic security. Themes of great contemporary interest are discussed by W. W. Lockwood in his paper on "War and Economic Welfare in Japan" and by Hugh Borton in "War and the Rise of Industrialization in Japan". More on the periphery of the central theme are the papers by E. H. Harbison and Sherman Kent on "The Historian in Times of Trouble", which, instead of letting historians discuss the repercussions of war, show the influence of times of crisis on historians. The reader to whom nothing from this diversified fare would seem palatable must have, indeed, a rather specialized taste.

A different question, however, is the enlightenment which might be derived from this volume regarding the correlation between war and the basic social and economic factors of modern life. The book bears the subtitle, *The Historian's Perspective;* yet the reader will be relieved to find that it does not deal with the stone axes of neolithic men, but devotes itself completely to the problems of the modern world. The reviewer, however, feels obliged to state that in his opinion the book takes too limited a view. The editors say that "papers of direct interest only to academic historians have been omitted," but their selection suggests that they considered as of purely academic interest everything that happened before 1900. The book is divided into five sections: (1) The Roots of War, (2) The Strategy and Conduct of War, (3) The Neutrals and War, (4) War and Society, (5) America and the Present War. The third and fifth sections are quite openly concerned with contemporary problems; the other three, although the titles indicate historical problems of a very general and comprehensive nature, also deal mostly with recent events. For instance, three of the seven papers in the section on the Roots of War are concerned with the influence of the Treaty of Versailles. Through this emphasis on the contemporary scene the editors have closed the entire storehouse of age-old human experience from which historians draw their peculiar contribution to the interpretation of the present. Instead of bringing order into the present chaos by fitting it into the great lines of historical development, single problems of present-day politics are selected at random and furnished with historical background; the historian is thus brought into un-

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equal and unnecessary competition with the professional writers on current affairs.

The most serious consequence of this emphasis on the modern scene is that the main thesis of the volume is not clearly proved. The purpose of the volume is to show that war has been a permanent factor in social life, a pervasive force shaping political institutions. As the editors point out, this concept of the historical importance of war is a new departure to the American historian who, during the last eighty years of liberalism, had considered war as an "abnormality" and had given scant consideration to war and military affairs. The fallacy of the assumption that war is something "external" to social life would have appeared much more clearly if earlier periods had been taken into consideration, in which the interdependence of military and social factors was much more manifest. Then the uniqueness of the situation in the liberal age, in which military and civil affairs were considered independent from each other, would have come to light. Did not Athenian democracy originate as the permanent organization of the armed citizens? Did not the needs of military organization form the inner spring of the feudal system? Was not mercantilism a "system of power"? In short: It would seem that the proper approach to the challenging thesis of "War as a Social Institution" would have been through the famous historical question concerning the extent to which political constitutions originate from military organization.

We do not know whether these aspects were neglected because of the editors' desire for timeliness or because of the lack of material on these questions. It must be said, however, that, as the volume stands, a less pretentious title might have been more appropriate for this collection of interesting essays commenting on selected problems of the twentieth century.

FELIX GILBERT

INSTITUTE FOR ADVANCED STUDY
PRINCETON, N. J.

My India, My America. By KRISHNALAL SHRIDHARANI. With an Introduction by Louis Bromfield. New York, Duell, Sloan and Pearce, 1941.—xix, 647 pp. $3.75.

This timely and encyclopedic book on India is the work of a young Gujerati poet who hails from the province of Kathiawad in the western part of the Indian peninsula. The American reading public to whom it is primarily addressed should find much of interest and

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profit in its pages. The author knows his country and his people as only a son of India can, and this intimate acquaintance with the Indian scene enables him to write with a sympathetic understanding of his country's problems. He uses the English language with an ease and fluency that many a professional American writer might envy. Doubtless the training which he underwent in an American school of journalism, together with the public lecturing in which he indulged during his lengthy sojourn on this side of the Atlantic, explains much. Even so, the quality of his prose testifies not only to an innate literary talent, but also to the value of that "bi-cultural system" of education, as Professor Ernest Barker calls it, which has flourished in British India since the days of the much maligned Macaulay.

In the opening chapters Mr. Shridharani draws an appealing picture of his youth and early manhood in Kathiawad. The turning point of his career came when he went to the city of Ahmedabad to study at Gandhi's "university" and there quickly fell under the influence of the great Indian leader whose political star was then already in the ascendant. With the ardor of youth, Shridharani embraced the nationalists' cause, joining the followers of Gandhi in the famous March to the Sea in defiance of the British authorities and receiving a three-months' jail sentence as punishment. Then followed another period of study, this time in the international university conducted by Rabindranath Tagore at Santiniketan, near Calcutta.

Meanwhile Shridharani's thoughts were turning more and more to America, the country which he believed was "slowly but surely becoming the center of western civilization" (p. 71). Through the aid of Tagore he secured a scholarship which made it possible for him to enter Columbia University as a graduate student in the autumn of 1934. Some of the most provocative parts of the book are those in which the author attempts to portray the surface of American life and mores on the basis of his personal observations. Other foreign reporters have written illuminatingly concerning the culture of contemporary America in terms, however, of their own European background. Mr. Shridharani is, so far as the reviewer knows, one of the first to treat the American scene as it appears to the eye of an educated Hindu. The result of this novel approach is a remarkably fresh and objective series of commentaries and notes on our machine-made civilization. The author is sufficiently "Americanized" to deal sympathetically with the folkways of a people whom

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he obviously admires. Yet he is too much the product of a radically different culture and tradition to accept uncritically the characteristics of life in capitalistic, middle-class post-depression America. Probably the most instructive chapters in this section of the volume are those in which certain established practices and institutions of Indian society are contrasted with their counterparts in the United States.

When the author turns to the more difficult task of analyzing the social and political dynamics of modern India, he is less satisfying. On the one hand, his summation of the basic elements and factors in the variegated pattern of Hindu culture is nothing short of brilliant. But when he touches upon the equally fundamental social evils of that civilization, he is inclined to dismiss them too easily to be convincing. The practice of child-marriage in India may have been viewed in a distorted light by such international "muckrakers" as Katherine Mayo. It does not follow that the evil is of slight importance, or that its solution is yet in sight. Mr. Shridharani's discussion of untouchability is no less cavalier. He acknowledges that at the time of writing, the "untouchables" numbered over seventy million people, a staggering figure. Yet in the same passage (pp. 337-338) we are told that, as a result of the campaign launched some years ago by Gandhi, the distinction between this mass of unfortunates and the rest of the Indian population has practically broken down. The reviewer may be pardoned for doubting whether social progress moves at such an accelerated rate of speed in any society, least of all amidst the rural-agrarian, village economy of India.

In discussing the politics of Indian nationalism Mr. Shridharani adds little to our existing knowledge of the origin, aims and nature of the movement. His sketches of Gandhi and Nehru cover familiar territory, while those of the other, less-known Indian politicians are too thin to be of real value. He discusses in some detail the theory and practice of *satyagraha*, or civil disobedience, as an instrument of political warfare. An enthusiastic admirer of the Mahatma, he argues that the adoption by the Congress Party of these tactics in the campaign which Gandhi launched in 1930 was completely vindicated by the concessions to the nationalists subsequently made by the British. Such an interpretation hardly squares with the author's severe criticisms of the Government of India Act of 1935 (pp. 311, 315-322) or with the fact that the chief provisions of the measure had

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already been agreed upon by the Simon Commission prior to the inauguration of the campaign in question. Furthermore, it is certainly arguable whether organized civil disobedience could have extorted any significant concessions from the British Parliament, but for the predominantly liberal temper of the British masses which, as the Ministry knew, would not condone another Amritsar "massacre". Mr. Shridharani is doubtless correct in insisting that the tactics of *satyagraha*, a kind of nation-wide "sit-down" strike, represent about the only effective weapon left to a disarmed people struggling to become independent of imperialistic control. He is so carried away with the potentialities of *satyagraha* that he would employ it not only against the British masters of India, but also against would-be foreign conquerors. One hates to think of the fate which awaits his country, if its sole defense against totalitarian designs of conquest in the Middle East is the dubious shield of civil disobedience.

In surveying the Indian political scene the author touches upon both the external and internal problems. The obstacles to national unity growing out of the chronic Hindu-Moslem conflict are outlined, though the issues in dispute are minimized. The so-called Pakistan scheme of Mr. Jinnah of the Moslem League for a separate Mohammedan state of vast dimensions in northern India is discussed in some detail and rightly rejected. With regard to the international position of India, Mr. Shridharani wisely makes no attempt to play down the ominous implications of Japanese imperialism. He is convinced that Tokyo's slogan of "Asia for the Asiatics" lost most of its propaganda value in Indian nationalist circles after the real intentions of the Japanese militarists were unmasked by the attack begun against China in 1937. He recognized that the outbreak of the present world conflict two years later threatened to bring the war to India's very door. The problem, as he sees it, is to mobilize the man power and resources of the peninsula under a genuinely national government. This would mean the transformation of India from a sullen dependency of the British Crown into a veritable "Asiatic power-house of democracy" (p. 569), a great and worthy ally of the courageous Chinese. Such a militant prospect, it may be noted in passing, is hardly consistent with the pure milk of passive resistance distilled in the earlier pages of the volume.

BRUCE T. MCCULLY

THE COLLEGE OF WILLIAM AND MARY

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Behemoth: The Structure and Practice of National Socialism. By FRANZ NEUMANN. Toronto, New York, London, Oxford University Press, 1942.—xvii, 532 pp. $4.00.

Dr. Neumann's work is one of the most important books on Nazi Germany that has appeared in recent years. The title of the volume, referring to the land monster described in Jewish eschatological writings, is suggested to the author by the treatise of Thomas Hobbes, *Behemoth or The Long Parliament*, which, in contrast to the *Leviathan*, was intended as "the representation of a non-state, a situation characterized by complete lawlessness." In explanation the author says: "Since we believe National Socialism is—or tending to become—a non-state, a chaos, a rule of lawlessness and anarchy, which has swallowed the rights and dignity of man, and is out to transform the world into a chaos by the supremacy of gigantic land masses, we find it apt to call the National Socialist system, The Behemoth" (p. vii).

The author devotes most of the volume to an analysis of the structure and operations of the Nazi political, social and economic system, dealing only briefly with the historical backgrounds and antecedents of the régime. His main concern is with three phases: (1) the political pattern of national socialism, in which he deals skilfully with the tricky problem of the relations of party to state and with Nazi expansionist policies and racial imperialism; (2) the totalitarian monopolistic economy, in which Dr. Neumann provides the best descriptive analysis available anywhere of the workings of the Nazi economic system; (3) an analysis of social relationships, the relative positions of ruling and ruled classes and the methods used to keep the ruled classes in subjection. The volume is marked by a thorough and intimate acquaintance with the details and inner workings of German society and its economy. It is based almost entirely on German sources, including the most extensive use of German newspaper and periodical literature. The result is that this volume provides us with a far better insight into what has been happening during these nine long years of Nazi rule than the surface observations of so-called first-hand reporters arriving from the Reich.

Throughout his work the author emphasizes the absence of any consistent theory of any kind either in the realm of Nazi political ideas or in the field of economic doctrine. We are presented, however, with an interesting analysis of the intellectual gyrations of juristic and political theorists in Nazi Germany, who attempt to preserve a scientific and scholarly front by trying to force their theories onto the dynamic and brutal facts of Nazi ruling power. The most

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valuable part of the volume, however, is that dealing with economic life under the Nazis. Here too Dr. Neumann points to the absence of any consistent economic theory. Economic policy is essentially pragmatic. "It is directed entirely by the need of the highest possible efficiency and productivity required for the conducting of war" (p. 278). Dr. Neumann distinguishes three types of economy existing side by side in Germany today. They are (1) the competitive, where the ordinary competitive character of private capitalism still operates; (2) the monopolistic, dominated by the power of the old and new industrial combines, like those of Flick, Quandt, Otto Wolff, Mannesmann, Ballestrem, Krupp, Haniel, Klöckner and others; and (3) the command economy, where private capitalism is confronted with drastic state activity, such as the formation of state and party industrial combines (like those of the Hermann Goering Combine, the Gustloff Foundation and the Labor Front business organizations), and with drastic state controls of prices, profits, investments and man power.

Were the author content to give us merely a descriptive analysis of the structure of the Nazi Reich there would be little to criticize in his presentation. Unfortunately, however, the entire volume is permeated by a mechanical and outworn class interpretation of national socialism. The author's main purpose is to show that national socialism is the supreme expression of monopoly capitalism; that neither power nor patriotism but rather profit is the dominant motive in the Nazi state, that it is not the political power which is supreme over the economic power but vice versa. Only in order to insure profits, says the author, have political controls been instituted. "It is as though Mandeville's contention that private vices are public benefits had now been raised to the rank of supreme principle—not for the masses, not for the retailers, wholesalers, and handicraft men, not for the small and middle businessmen, but for the great industrial combines" (p. 354). To this class analysis may be attributed most of the weaknesses in Dr. Neumann's book. To it may be attributed the apparent neglect of deeper historical roots of national socialist ideology and institutions. Neumann's treatment of German liberalism is also marred by his class interpretation. He pays little attention to ideology but mechanically identifies liberals with bourgeoisie. With such a definition he finds it easy to make his points against German liberalism by taking his illustrations from men like Emil Rathenau, Georg von Siemens, Bassermann and Gustav Stresemann. This is like taking Owen D. Young, Henry Ford and Herbert Hoover as the true representatives of liberalism in the United States. Because of

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the supreme importance Neumann attaches to monopoly capitalism he, like the orthodox Marxists, is still completely oblivious of the tremendous force of modern nationalism, not only among the upper and middle classes, but also among the lower classes. If there is anything consistent about fascism it is the fervor of its devotion to the spirit of nationalism. Used as a screen at times by reactionary and insidious forces behind which to carry out their selfish interests, it nevertheless represents the greatest driving force and cohesive power in fascist countries.

Happily Dr. Neumann seems at times not too convinced of his own thesis. His leading contention can be refuted out of the very facts that he presents and out of his own sentences. The whole sector of the command economy is living proof that political considerations are paramount over the economic. The formation of a combine like the Hermann Goering Reichswerke, including machine construction, munitions, transportation, shipping, finance, automobiles, potash, oil and building construction, is to be explained only by the all-importance of political considerations. The government pressure exercised upon the Krupps to invest their profits, against their will, in the Buna corporation for the production of synthetic rubber, on the I. G. Farben Trust to finance the establishment of the Braunkohlen Benzin A. G. for the production of synthetic gasoline, and on Fritz Thyssen to flee from Germany and leave his holdings to be confiscated, all point not to the control of the state by the industrial magnates, but to the control of the magnates—and even the greatest—by the Nazi rulers. "The possession of the state machinery is thus the pivotal position around which everything revolves," says Neumann (p. 260). This is absolutely correct, but it is Hitler who holds undisputed possession of the state machinery and he is no one's tool but his own. The facts which the author has so carefully assembled lead to the logical conclusion that we have in Nazi Germany a system that we can call neither capitalism nor socialism. It is a situation where the elements of private capitalism are allowed to continue to exist only if political considerations do not make state inroads necessary. These inroads have been and are continually increasing—witness the recent decree of June 1942 practically abolishing the Stock Exchange. Had Dr. Neumann been content with such an eclectic but much more realistic view of the situation, his otherwise brilliant and scholarly study would not have suffered from being cramped into an ideological strait-jacket.

KOPPEL S. PINSON

QUEENS COLLEGE

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The New Order in Poland. By SIMON SEGAL. With an Introduction by Raymond Leslie Buell. New York, Alfred A. Knopf, 1942.—xii, 286, x pp. $3.00.

Segal has performed a difficult and laborious task in attempting to get at the truth of a subject which is inevitably obscured by propaganda and censorship. His book summarizes all important aspects of the situation in Poland; organization of the German régime, the fate of the major racial groups, religious, cultural and, very fully, economic conditions, the underground movement, and "Poland in Exile". Facts and figures concerning such matters as the movement of peoples, industrial production, wages, prices, finance, and the number and circulation of underground newspapers make this the most important single source of information available. At the same time his central theme—that the Nazis have set out to make Poland a German colony—seems to be well supported.

The author has a good background for approaching his subject. Of Polish origin, he has published a work on the Jews in Poland, and also materially aided R. L. Buell in preparing *Poland: Key to Europe.* His interests have, undoubtedly, led him in this book to overemphasize the Jewish situation from the point of view of the former Polish Republic as a whole in which, according to his own figures, the Jews constituted less than ten per cent of the total population. Likewise he seems to know best the left-wing groups, both in the underground movement and in the Polish government-in-exile. As to the German new order, he has honestly sought to be objective, to check Polish sources of information with German wherever possible, and he has succeeded remarkably well in not allowing himself to be carried away by emotionalism.

Nevertheless, his must be regarded as an interim report. Despite the fact that the Germans have been in Poland since 1939, their régime has been a wartime government, and has, as Segal himself points out, changed its objectives and methods as the exigencies of the moment have required. But the principal reason why this or any other book on the subject cannot be regarded as scientifically accurate is the impossibility of making a complete check on information and even of gaining precise data. Segal's statistics are inevitably but samples, and his information, as is notably the case in his discussion of religious life, is sometimes obviously one-sided, or, for example, on the subject of population movements, is incomplete.

The style of the book is, in general, matter of fact and clear, although occasionally the sequence of tenses is mixed up. The

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organization of material is not always happy, for there is some overlapping of subject matter which causes needless repetition. There are only a few typographical errors. Even the Germans could scarcely have threatened that those who failed to register would be "persecuted by the police" (p. 163), and undoubtedly intended to *prosecute* them; there were not 34,000,000 (p. 269) but 34,000 Polish soldiers in April 1941; July 30, 1940 (p. 276) should be 1941; the reference to the Molotov-Ribbentrop pact (p. 278) should be dated September instead of October; and the year of the Polish-Czech pact (p. 283) should be 1941, not 1940.

Taken for what it is, an interim report before scientific details are available, this is a useful and timely book. It puts between two covers material heretofore scattered about in Polish propaganda materials and in German and other newspapers. The defects noted above are relatively minor matters when compared with the value of the book as a record of what is known about the Nazi order in Poland up to the beginning of this year.

DWIGHT E. LEE

CLARK UNIVERSITY

Flight in Winter. By JOHN CLINTON ADAMS. Princeton, Princeton University Press, 1942.—xi, 281 pp. $3.00.

When, in the summer of 1914, Austria-Hungary cheerfully set out to teach the Serbs a lesson, but found her armies thrown back across the Danube instead, it was a fit occasion for the gods to laugh. For over a year the despised Serbs held their own. But, in the autumn of 1915, a greatly superior Austro-German force, supported in addition by a Bulgarian attack in Macedonia, achieved a result not very different from that of 1941. However, the slower tempo of war in 1915 enabled the Serbs to accomplish an orderly retreat until they found themselves driven on historic Kossovo plain, with their enemies on three sides and the forbidding Albanian mountains at their back. Rather than surrender, they elected to attempt a crossing to the Adriatic.

"Those who survived the hardships of this mid-winter retreat over the mountains were conveyed to the island of Corfu." This brief sentence, all that Liddell Hart devotes to the episode in his history of the war, in reality conceals a tale of epic dimensions. It is this epic which Professor Adams has set himself to describe with equal skill and success, drawing an interesting and not inappropriate com-

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parison between it and those better known stories, Xenophon's retreat of the ten thousand and Napoleon's retreat from Moscow (see pp. 186-97).

This is not history of political or diplomatic intrigue in the urbane atmosphere of chancelleries, save in so far as a minimum background is necessary. The author is in fact somewhat impatient with this type of history and prefers to deal with the raw material of men confronting first the hardships of war, then the trials of hostile nature. By contrast, the hagglings of diplomats cannot appear other than mean. Serbia's allies, unable to agree, do not cut a very creditable figure. Among them, the French appear to have shown the greatest degree of understanding, the Italians of callous selfishness. Perhaps it is not altogether fair to set Serb fortitude in the field against diplomatic intrigue abroad. Balkan diplomacy, including Serbian, could be as tortuous as any.

But the odyssey of so large a group of men, emerging from such trials as an organized army, even capable at times of engaging in successful action, is a record for which one can only share the author's feeling of admiration. Current happenings in Yugoslavia add the element of timeliness to the story. But in any case it was a tale worth telling and it has been well told.

René Albrecht-Carrié

New York City

Democratic France: The Third Republic from Sedan to Vichy. By Richard Walden Hale, Jr. New York, Coward-McCann, Inc., 1941.—xiii, 414 pp. $3.50.

Mr. Hale aims to describe "the political and institutional history" of the fallen régime as well as certain "trends in French life." To this end he attempts a parliamentary survey to "show the average American what France was like." In his opinion, "if one wants to see the French as they really see themselves, Parliament is the place to look." On the jacket the pretentious claim is made that "Mr. Hale takes salient events, expatiates upon them fully, and by showing their significance, makes a connected story of democratic France. That has never been done before. The book is an exemplary piece of historical research." If the affirmatives and the negatives were interchanged, the statements would be hardly less true, for D. W. Brogan's *France under the Republic*, which appeared in 1940 (reviewed in this journal, March 1941), is still the best "connected

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story", and Mr. Hale's book is not free from inaccurate and meaningless statements.

There is space here for only a few corrigenda. In the author's view, the Third Republic was not so much a cabinet form of government as a superlative democratic structure in which "parliamentarians have held a balance . . . between a mob on one hand and a dictator on the other" (p. 26). But evidently deputies were given a respite, because in the "eight years, 1906 to 1914", Parliament did very little. "The Chamber of 1910 had not even let the ministers do anything" (p. 286). A representative government worked through parties, and "a French party was a true party by Burke's definition"; but later the author speaks of "groups formed at will" (p. 182) which were not "parties", as was of course the case with most of the French organizations. Mr. Hale's idealized parliamentarians (who, if they conformed to Burke's definition, "promoted by their joint endeavors the national interest") had a fault—they were "corrupt" and also careless. Thus, in the Panama affair, "for some foolish [sic] reason the deputies accepted pay in checks which could be traced" (p. 204). Ministers were appointed by the President, "but the Chambers removed ministers. The appointment of the next President of the Council had to be countersigned by the outgoing one. Simon . . . could have stayed in office as long as the Chamber supported him" (pp. 140, 170). But constitutional requirements were met when *any* retiring minister countersigned the decree nominating the incoming prime minister so that "the appointment of De Broglie by the countersignature of the Duke Decazes" can scarcely be held responsible, even in part, for "unleashing the storm of 1877."

"Never again" (since Gambetta), the author states, "has any new ministry been created by decree without the Chamber's being consulted" (p. 158), but prime ministers have usually constituted their cabinets to suit themselves, even in disregard of the provisions of the finance law of 1920 with the Chamber later giving its assent. "The ability of the French electoral system to obtain a representative system was uncanny" (p. 164). It is strange, then, that electoral reform was a perennial subject of controversy and that as late as 1939 deputies wrangled over the method by which they wanted to be elected. If they considered adopting the old Prussian three-class electoral system "by which those who paid the heaviest taxes had extra votes" (p. 123), the proponents have been overlooked by most students and were hardly serious. The tables of the Presidents of the

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Council of Ministers and of Presidents of the Chambers, appended "for the convenience of scholars", are in some instances incorrect as to dates and spelling.

While there are many excellent books on the government of France, there is, perhaps, room for a detailed analysis of the parliamentary history of the Third Republic. This is not it.

W. R. DITTMAR

NEW YORK CITY

The Theory of Legal Science. By HUNTINGTON CAIRNS. Chapel Hill, The University of North Carolina Press, 1941.—x, 155 pp. $2.00.

In 1935, Mr. Huntington Cairns published a book, *Law and the Social Sciences*, in which he surveyed the contacts between the law and the social sciences. In his new, small, but weighty work he states the methods which must be applied when jurisprudence itself is to be constituted as a branch of the social sciences. The subject matter of jurisprudence is, like that of the other social sciences, human behavior. While other social sciences study human behavior under various different aspects, jurisprudence is interested in its subject matter "as a function of disorder." Jurisprudence is concerned with the techniques by which social disorder may be overcome; it has to study how these techniques were invented, how they have been communicated from generation to generation, and how they have spread from one community to another. Law is defined by the author as that technique of social control "which, for its enforcement, embodies in itself, or has behind it, a definite agency which exerts, or through which may be exerted, the pressure of politically organized society." In this sense, law includes not only the "rules of law" but also the judicial process, the ideals of justice and the organization of the enforcement machinery. Obviously, political science becomes, totally or largely, merged in jurisprudence.

The principal problem of the social science of jurisprudence is presented by the occurrence of change. Why and how do changes occur? Can we find any regularities in the processes of invention, growth, accommodation, decay, renewal and disappearance? The method to be applied to these problems is that of theoretical science in general. Like other natural and social sciences, jurisprudence must have the courage to become frankly theoretical. In characterizing contemporary American jurisprudence Mr. Cairns is laying bare

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the principal defect of the vigorous efforts which have been made by contemporary American jurists. Never before have the intricacies of the judicial process been investigated so thoroughly and so successfully as by the new jurisprudence. But this present American jurisprudence has predominantly been directed by reformist desires to improve the law and its administration. Instead of growing into a science it has been content to be a technology. It is one of the chief merits of Mr. Cairns's book that it reveals the necessity of a wider scope and of a different and frankly theoretical approach as a basis for any successful technology of legal reform. Another achievement of Mr. Cairns is his brilliant demonstration that the theoretical science of jurisprudence must take its materials from all times and climes and must use the refined techniques and concepts that have been elaborated by modern logic and science. Mr. Cairns's own familiarity with these methodological tools and his own range of knowledge are impressive, so impressive, indeed, that they may easily frighten away many a well-meaning student.

In his discussion of methods Mr. Cairns properly emphasizes the rôle of the hypothesis and properly refutes attempts to start with simply observing and collecting facts and figures. "Jurisprudence today stands in great need of hypotheses. We have too little theory in the law rather than too much." In quoting this statement of Mr. Justice Holmes, Mr. Cairns does not allude, of course, to the dry theories of the conceptual jurisprudence of nineteenth-century legal practitioners but to the creative hypotheses of an explanatory science. Such hypotheses must then be tested by the rigorous methods of verification which Mr. Cairns aptly describes. The last chapter of the book is concerned with the question of whether or not jurisprudence, overstepping the boundaries of classification and explanation, shall undertake an evaluation of the phenomena of law. This discussion of jurisprudence as a branch of moral philosophy is not so satisfactory as the main part of the book; obviously, the author has not yet found an answer satisfactory to himself.

Mr. Cairns's book is a "draught — nay, but the draught of a draught", as he states himself, quoting Herman Melville. It is a program and a challenge that no student of jurisprudence can properly ignore and whose implications are significant also for political science in the traditional sense of the word.

MAX RHEINSTEIN

UNIVERSITY OF CHICAGO LAW SCHOOL

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What Democracy Meant to the Greeks. By WALTER R. AGARD. Chapel Hill, The University of North Carolina Press, 1942.—xii, 278 pp. $3.00.

This is an extremely well-written popular survey of the history of democracy in ancient Greece: the first instances of a defense of the rights of the people against their rulers in Homer and Hesiod, the gradual rise of political democracy in Greek city states, especially Athens, the struggle of democracy with its opponents and its intrinsic problems, its triumph and later decay, and its precarious survival in Athens under foreign domination. Every sentence shows that the author has a thorough first-hand knowledge of all the ancient sources. Most interesting are those chapters in which he deals with related subjects which are somewhat off the beaten track; for instance, the development of the legend of Theseus under the influence of changing political ideals.

Though the author believes enthusiastically in the superiority of democracy over all other forms of government he is not blind to the shortcomings of Athenian democracy in its actual historical existence. He discusses the causes of Athens' failure in the Peloponnesian War and of the decay of its political power in the following century, before it fell prey to foreign conquest. He also tries to show by what policy Athens could have avoided this disaster.

While the author's presentation of the historical facts is excellent throughout, one is often tempted to take issue with his discussion of alternative political possibilities. To this reviewer at least it seems that he often presents his reader with too easy solutions. He thinks, for instance, that the Athenians should have extended the principles of self-government throughout their empire, transforming it into a commonwealth of city states, instead of engaging in a policy of brutal suppression, utterly at variance with the principles which they followed in their own state. In fact the Athenians favored democratic government to the extent of restoring it by force in most of the cases in which the oligarchic party got the upper hand in one of the states of the Delian League. They had, it is true, gradually taken complete control of the finances of the League and had centralized jurisdiction over conflicts between citizens of different member states in Athens. But they were despotic and brutal only in ruthlessly punishing those members who tried to secede from the League. To convert the League into a commonwealth of city states, if this is understood to be something essentially different from what the Athenians actually did, would have meant to give the members free-

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dom to secede if they wished to do so. But the League had been founded on a voluntary basis, as a safeguard against Persian aggression, and had hardly any other traditional or political ties. When the Persian danger had receded, the wish to secede was naturally very strong with many member states. Therefore it seems extremely doubtful whether there would have been a commonwealth at all if the Athenians had tried to create one under the conditions assumed by the author. The naval power of Athens, on the other hand, was largely dependent on the League; and what Athenian naval power meant to the economic life of every single Athenian, the poor as well as the rich, has been demonstrated only recently in the works of Rostovtzeff and of John Day. Even so, one may, of course, contend, both on idealistic and on realistic grounds, that the Athenians should have let their empire go. But the problem was hardly so easy to solve as the author suggests.

KURT VON FRITZ

COLUMBIA UNIVERSITY

The Cambridge Economic History of Europe from the Decline of the Roman Empire. Vol. I: *The Agrarian Life of the Middle Ages.* Edited by J. H. CLAPHAM and the late EILEEN POWER. Cambridge, England, at the University Press; New York, The Macmillan Co., 1941.—xvii, 650 pp. $7.50.

The appearance at any time of a volume of imposing scholarship in the field of medieval economic history from the hands of fifteen distinguished specialists representing nine continental European countries and the United States, in coöperation with two English editors, would be a noteworthy event. When the work is presented in the midst of a world upheaval the event becomes truly extraordinary, not to say astonishing. The obstacles encountered by the editors between the planning of the volume in 1934 and its publication were terrific: war, exile, flight to lands distant from the conqueror, and death intervened to make the task one of supreme difficulty. In the end, when all was done except the writing of the preface, the death of Eileen Power, not only one of the two editors but in a real sense the guiding spirit of this volume and of the two already planned to follow it, placed a sad and heavy burden upon her colleague from which he did not flinch. All will regret with him that her initials too could not have been placed below the preface, yet that matters little beside the fact that her work on the volume was completed. Indeed, whether the two subsequent volumes on the medieval period

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come soon or late, the present volume, as she planned it, can stand alone as a tribute to her scholarship and devotion.

In this volume the theme throughout is agrarian, the story of the laying of the foundations of medieval economic life: the earth and its crops, the peasant and his labor, the villages and the fields, the stock and the tools, the main features of the society thereby maintained. There are eight chapters of which the first four, the sixth and the eighth are broadly systematic, while the fifth and seventh deal with specific countries or regions. Thus the various paths to be followed by the reader are first delineated for Europe as a whole. Koebner, once of Breslau and now of the Hebrew University of Jerusalem, sets the scene with a masterly chapter on the settlement and colonization of Europe. C. E. Stevens of Oxford follows with a boldly conceived chapter on rural life in the later Roman Empire. Parain of the Lycée Henri IV then contributes an illuminating and fascinating chapter on the evolution of agricultural technique. Dopsch of Vienna follows with a characteristic but too rigidly restricted chapter on the agrarian institutions of the early Germanic kingdoms which is complemented by a chapter on agrarian conditions in the Byzantine Empire by Ostrogorsky of Belgrade. Marc Bloch, until recently of the Sorbonne, next affords a brilliant exposition of the rise of seignorial institutions. Thus the way has been prepared for the heart of the book, a regional treatment of medieval agrarian society in its prime, including a section on France, the Low Countries, and western Germany by Ganshof of Ghent; one on Italy first undertaken by the promising youthful Dane, Plesner, and after his untimely death assumed hurriedly by the brilliant young Finn, Gunnar Mickwith, since slain in battle; a significant section on Spain by R. S. Smith of Duke University who assumed a difficult task when the Spanish contributor originally chosen was first separated from his notes and then lost to sight; an admirable section on the German eastward movement with its effects on Slavonic society by Aubin of Breslau; a brief but satisfactory section on Poland, Lithuania and Hungary by Rutkowski, once of Poznán but now also lost to sight; a broadly conceived section on Russia by Struve of Belgrade, formerly of St. Petersburg; a learned and skillful section on England by Miss Neilson of Mount Holyoke, followed by one on Scandinavia by Bolin of Lund. In an ingenious final chapter by Nabholz of Zürich on agrarian society in transition, all the paths are again made to converge and some notable passages on the rise of a money economy not only fittingly conclude the volume but point the way to the successor thereto.

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No such coöperative work can be of even excellence throughout. The problem of English alone makes that impossible even though it has here in the main been satisfactorily handled. Nowhere can a student find in English or in any other one language such a picture of ten centuries of agrarian development. One wonders how many will have the patience to follow the story through, for be it said patience is required since much of the book is hard going, and necessarily so.

The extensive bibliographies for the various chapters and sections present some minor differences in arrangement, left unaltered by the editors, and a general bibliography was wisely omitted. War conditions prevailing when the harassed editors were bravely carrying the volume through the last stages prevented the inclusion of the bibliography on Scandinavia which never reached the editors, but a more generous allowance of footnotes for that section partly compensates for the loss. An error in the place of publication of Rostovtzeff's book, listed on page 583, may be noted, but not a single error in proofreading was observed by the reviewer. The three political sketch maps are scarcely adequate. Nine illustrative plates are mildly helpful. The index appears to have been competently done. The quality of the paper used must have been disappointing to the editors as it is to the reader.

EUGENE H. BYRNE

Dimensions of Society: A Quantitative Systematics for the Social Sciences. By STUART CARTER DODD. New York, The Macmillan Company, 1942.—ix, 944 pp. $12.00.

This volume attempts to lay the foundation for a genuine science of sociology by providing a system of concepts for relating social facts and generalizations.

Application of the scientific method involves four stages: (1) The problem (to answer a question, test a hypothesis, etc.); (2) observation, collecting the relevant sense perceptions, the facts; (3) systematization, summarizing the facts in a concept, generalized relation, or theory; and (4) verification. The nut which sociology must crack before it can be a science, the author believes, is the stage of systematization. To organize sense perceptions one must group them into concepts, classes of perceptions. "A sociologist" is such a concept, generalized from observation of many sociologists. In addition, it is helpful to define these concepts in such a fashion that they will exhibit a consistent structure, with a uniform principle determining

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both the allocation of perceptions to the conceptual pigeonholes and the hierarchical relations among the concepts.

At present, sociology is embarrassed by an oversupply of such schemes for systematization. Each sociologist manufactures his own concepts and clings tenaciously to them. Hence the findings of different workers are incommensurable. The body of sociological knowledge "grows" ignominiously by the random accretion of unrelated generalizations, and these generalizations show relatively little tendency toward the interdependence commonly expected of scientific generalizations.

Dimensions of Society is an attempt to correct this situation by developing a system of concepts with enough advantages to drive others from the field. Its thesis—the "S-theory"—is that all quantitatively expressed social situations can be described in terms of twelve basic, operationally defined concepts. (The author regards a quality, the presence or absence of which can be observed, as a primitive quantity and hence as falling within his system.) The volume contains over five hundred concepts so defined. Some of these are similar to concepts in use at present, but all are operationally defined in terms of the procedure and materials used to obtain, or to be sure one has obtained, the thing defined. In fact, most current concepts can be translated into S-theory terms with fair precision and can thus gain the advantages which S-theory has over less sophisticated systems. Eubank's well-known list contains 332 terms, most of them defined solely by word-substitution. S-theory is able to redefine 78 of these precisely and an additional 210 with varying precision depending upon the extent to which objectively observable indicators for the concepts have been developed. The remaining 44 terms, including a number of philosophical concepts, cannot be translated into S-theory form. All of the 61 concepts listed by the American Sociological Society as standard content for colleges courses are expressible in terms of S-theory concepts.

The reliability of S-theory has been experimentally checked; five hundred situations classified by two persons resulted in 97 per cent agreement. The internal consistency of the system has been established by transforming it to geometric terms and constructing a spatial model. There seems no doubt that it is far more parsimonious in the number of basic concepts needed than any other existing system. Moreover, it has met every test for inclusiveness to which it has been subjected; for example, in all issues of seven sociological journals for the past ten years no quantitatively expressed social situation

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has been found which cannot be described in terms of the twelve basic concepts.

The system developed by Dodd is for use in classifying observations. It is a system of concepts, not a system of empirically established generalizations. One cannot deduce from it theorems as to the behavior of phenomena. The worth of such a system is measured by the fruitfulness of the concepts when used as tools in the search for organization among a set of generalizations. However, in the reviewer's opinion this system is far more likely to make a science of sociology than any other now available, if only because of its reliance upon the symbolic manipulation of social data and the principle of operational definition.

Unfortunately, many who would profit from the volume will be turned away by the symbolism. The author uses a notation based upon that of matrix algebra, but it requires no knowledge as to the habits of matrices and should be easily read by the non-mathematician with a little practice. Moreover, nearly every algebraic statement is immediately verbalized, and the symbols can thus be ignored. But the reader who wishes to follow the technical details and apply the method most fruitfully should come equipped with an elementary knowledge of vector and matrix algebra and statistics.

WILLIAM S. ROBINSON

COLUMBIA UNIVERSITY

National Income and Its Composition, 1919-1938. By SIMON KUZNETS and Others. New York, National Bureau of Economic Research, 1941.—2 Volumes. xxx, 929, 50 pp. $5.00.

This new two-volume work on *National Income and Its Composition, 1919-38* re-examines the period covered in Dr. Kuznets' earlier monumental study and carries the data up through 1938. Unquestionably this work with its predecessor is one of the most stupendous pieces of factual research undertaken in this or any other country. The author undertook his task with a background of close familiarity with the sources and a knowledge of the difficulties and pitfalls.

The significance and value of the study from the standpoint of economic analysis reach into every area of the field of economics. It is of peculiar importance, however, from the standpoint of business cycle analysis, and on many a point upon which theoreticians differed Dr. Kuznets' factual research has in large measure and sometimes definitively settled the controversy. There remains nevertheless a large possibility of divergence of opinion with respect to interpreta-

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tion of the rich factual data which Dr. Kuznets' work adds to the materials available for the business cycle theorist.

Part I of Volume I, dealing with Concepts, Clarification, and Procedure, invades difficult terrain which requires continuous re-examination. Important contributions and clarifying concepts were made, notably in the three volumes of the National Bureau of Economic Research Conference on Income and Wealth. A significant recent contribution is found in the articles by Milton Gilbert in the *Survey of Current Business* for March and May 1942. Particularly the place of corporate taxes in estimating the national income requires re-examination. Were it possible to carry through either the "gross-net product" method or the "finished product" method, we should get a more definitive answer to the magnitude of the national income. The "industrial payments" method—the one used by Dr. Kuznets, and the only one available in view of the inadequate data—presents difficult problems, particularly with respect to the inclusion or exclusion of certain types of taxes and with respect to division of government services into end products, that really constitute a part of the national income, and intermediate products which in fact may be regarded as incorporated into the final end product, precisely as is true of raw materials and the consumption of capital goods.

The section in chapter 6 devoted to changes over the period 1919-38 appears to me to be of very doubtful value and indeed leads the reader, I think, to erroneous conclusions. It is not possible to arrive at any satisfactory notions with respect to trends by comparing the period 1919-28 with the period 1929-38. What is needed here is a much closer analysis of the changes in the various phases of the cycle. It is important to avoid the inference that a trend can be deduced from the data in the late thirties. A similar comparison, for example, of the production index of the Federal Reserve Board for the periods used by Dr. Kuznets would lead one to the conclusion that the trend of productivity of American industry is downward. In point of fact, if one draws a line through the peak years of the twenties, disregarding the thirties, one gets a trend line to which the economy returned in 1941. The conclusions reached from the analysis as given, particularly on pages 262-65, appear to me to be in considerable part misleading.

Particularly significant are the data contained in chapter 7 on capital formation, corporate savings, savings of government, savings of entrepreneurs, and savings of individuals. It is of course true

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that the total savings of the community as a whole must equal the capital formation. The behavior of the individual components of the savings stream is, however, of very great significance from the standpoint of analysis. It is clear that corporate saving is peculiarly a function of the fluctuations of income within the cycle, rising in boom years and falling—indeed becoming large minus quantities (losses)—in serious depression. Approximately the same is true to a less degree of government savings and savings by entrepreneurs. The saving of individuals is far more stable and remains at substantial levels even in periods of serious depression. Nevertheless, the savings of individuals are also in some measure a function of the national income. It is particularly interesting to note that individual savings were extraordinarily high in 1936-37, reaching a point above that of any of the years of the twenties, including the high savings years of 1919-20. It is also interesting to note that the individual savings remained high in the early years of the depression, being as high in 1931-32 as in the best years of the twenties, but finally forced down by the continued low level of income in 1933 and 1934. Broadly speaking, savings of individuals show relatively high stability in all phases of the cycle, whereas savings of corporations and entrepreneurs fluctuate very violently and are highly dependent upon fluctuations in the national income. The relatively high savings of individuals in depression years are offset by the losses sustained by business incident to the low level of income. A close analysis of these data should help to resolve a confusion which many economists still exhibit with respect to the interrelations of savings, investment and income in the various phases of the cycle.

ALVIN H. HANSEN

HARVARD UNIVERSITY

Banking Studies. Washington, Board of Governors of the Federal Reserve System, 1941.—x, 496 pp. $1.50.

Banking Studies is a collection of "seventeen papers" written by fourteen members of the staff of the Board of Governors of the Federal Reserve System. Each author is a specialist in the particular subject of which he has written. While the book has "some features of an organic whole" no claim is made that it contains a "series of related chapters".

The purpose of the authors was to "present in brief form and simple language . . . information bearing on banking and monetary problems" in the hope that some light might be thrown upon the

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approach to the future study of banking. Furthermore, it was an expressed aim "to present facts and not opinions", and this position must be kept constantly in mind by the reader in any attempt to appraise the study as a whole. The first half of the book (with the exception of the third paper) is devoted largely to a discussion of the history, structure, supervision and regulation of commercial banking. The second half of the volume deals with questions relating to central banking, credit policy, and monetary problems.

Despite the wide and varied range of subject matter covered, the various essays follow each other with a substantial degree of cohesion. Most of the chapters have a very useful summary at the end. The book is not intended to meet the needs of specialized students and bankers, but it contains a substantial body of current information which should prove to be most useful for those who want a brief, concise treatment of the broad questions relating to current banking and monetary problems. Most controversial matter is omitted. The papers, which are simply, clearly and forcibly presented, should give the reader a comprehensive, if not detailed, picture of our monetary and banking system.

It is regrettable that the authors did not include a discussion of some of the more recent banking problems with which the bankers are dealing at the present time. Some of the subjects which would naturally fall into this group would be term loans, consumer credit, financing accounts receivable, the bank capital problem, the growth of bank investments in relation to commercial loans, relation of commercial banks to war financing, and the efforts on the part of the Board to regulate certain types of credit in order to prevent or limit inflation and to aid the government in meeting its huge war expenditures. However, one must not condemn the book for the omission of these topics. It would be impossible to include a discussion of all phases of money and banking in one volume, especially when the purpose of the authors was to present only a broad picture of monetary and banking problems.

There is also appended a large body of statistical data which should be useful. The authors and the Board of Governors rendered a real public service in making these materials available in this form. It is to be hoped that the authors will keep the volume revised from time to time in order that the public may keep better informed with regard to changes taking place in these fields.

JOHN M. CHAPMAN

COLUMBIA UNIVERSITY

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Burlington West: A Colonization History of the Burlington Railroad. By RICHARD C. OVERTON. Cambridge, Harvard University Press, 1941.—xviii, 593 pp. $4.50.

For years students of history have shown a tendency to view with a critical eye the policies by which the land grant railways of the United States and Canada administered their domain; and they have, therefore, been skeptical as to the wisdom of the land grant policies of the two governments. In forming their adverse judgment they have not been greatly restrained by the fact that our meager knowledge of the land policies of the railways afforded, at best, a rather flimsy basis for generalization. Accepting the Granger verdict as to the general iniquity of the railways, they have assumed that the land policies of the roads could not be other than detrimental to the public interest. The volume under review, therefore, is significant not merely because of its own intrinsic merits, but also because it provides us with a vast fund of information which, added to the results of recent research on other roads, will enable us to generalize with greater assurance regarding the land policies of the railways.

Approximately one fifth of Mr. Overton's volume consists of a clear-cut account of the origins of the Burlington system and the development of its lines. This portion of the book is in itself a substantial contribution, since it presents in interesting and condensed form the mass of material hitherto available only in the corporate history of the company.

The main theme of the work is, of course, the story of the acquisition of the land grants in southern Iowa and Nebraska and the settlement of these lands during the period 1856-1905, at which latter date the land department of the company, having completed its job, became a thing of the past. Except for the town-site promotion policies of the road, which seem to be somewhat slighted, the book presents a remarkably complete picture of the multifarious activities of the land department in the colonization of an area roughly the size of Connecticut. Furthermore, by means of maps and graphs comparing the progress of settlement on Burlington lands with that in the territory of neighboring land grant roads in the two states, he indirectly contributes to our better understanding of the colonization work of the Rock Island and Union Pacific.

The work is well conceived, carefully organized and interestingly written. Its value is enhanced by many maps, graphs and statistical tables, as well as by five appendices containing valuable source

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materials. The bibliography and index maintain the high level of excellence which characterizes other features of this important contribution to the history of the Middle West.

Doubtless there are those who will regret that Mr. Overton has relied so largely upon the official records of the Burlington. Yet company policies are to be gleaned chiefly from company manuscripts, and it is doubtful whether even the most diligent research in other sources would have changed the picture substantially. The view which the author presents is essentially favorable to the railway, which is understandable in view of his forced reliance upon its own materials. The Burlington, along with all other land grant railways, undoubtedly made many mistakes in land administration, mistakes which are apparent with the benefit of hindsight. Yet, when full allowance is made for these errors of judgment, it will be found that the land policies of the railways in Canada and the United States, whose work has been carefully studied, do not suffer by comparison with the land legislation which emanated from Ottawa and Washington.

JAMES B. HEDGES

BROWN UNIVERSITY

The History of Public Welfare in New York State, 1867-1940. By DAVID M. SCHNEIDER and ALBERT DEUTSCH. Chicago, The University of Chicago Press, 1941.—xix, 410 pp. $3.50.

This is the story of concern for the public welfare in New York State during the past three quarters of a century, when the state's population more than trebled and the overwhelming majority of its inhabitants became urbanized. The introductory chapter contains a brief résumé of public welfare from the early Dutch Settlements in 1609 through the Civil War. The rest of the volume is devoted to the ever-expanding state supervision over and participation in all forms of social work. The book could very aptly have been entitled "The Rise of the Social Service State".

Writing with a sympathetic pen, Messrs. Schneider and Deutsch relate ably and clearly the vicissitudes to which the public welfare program was subjected in the course of its development. Voicing their approval of some measures and criticizing others, they trace the growth of public responsibility for the poor from the days when care of the needy was in the hands of religious organizations to the 1938 New York State Constitutional Convention which included the

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following declaration of policy: "The aid, care, and support of the needy are public concerns and shall be provided by the state. . . ."

Not only has the public welfare program expanded during the past seventy-three years but it has also changed its form. Institutional care has been replaced to a large extent by home care, wherever it has shown superior results. Separate treatment has been devised for the needs of the various groups. With the rise of "categorical relief", the insane, feebleminded, epileptic, blind and crippled, the vagrant and the able-bodied unemployed, children and adults—the destitute of all kinds—are no longer sent into the degrading environment of the almshouse.

Throughout their work, the authors try to present the welfare movement against the social and economic background in which it took shape. Their emphasis on the growth of New York as the leading industrial state in the Union and on the business cycles in the post-Civil War period makes vivid the various social welfare measures. The authors are at their best, however, in the descriptive rather than in the analytical parts of the book. Their entire interest lies in the adequacy of standards and the expenditure of appropriations. Not once do they discuss the fiscal problems of raising the funds or the impact on the economy of financing the various welfare schemes. They fail to examine critically the possible long-run consequences of the fact that "Economic dependency is no longer looked upon as primarily the result of a lack of moral fiber and character on the part of the needy themselves." This very desirable transition from "pauperism" to "respectability" may not raise many problems in the case of the aged, the very young, and the infirm. But what about the effect on the incentive to work of providing able-bodied unemployed men with an alternative source of income? The failure to explore such problems, as well as a very inadequate, and at times misleading, treatment of the relation of technology to the volume of employment, leads this reviewer to conclude that a "full" history of public welfare must be written not only by social workers whose job it is to "give" but also by economists who must ascertain that the "giving is good".

MURRAY ROSS

BROOKLYN COLLEGE

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The Foreign Policy of Thomas F. Bayard, 1885-1897. By CHARLES CALLAN TANSILL. New York, Fordham University Press, 1940.—xxxix, 800 pp. $5.00.

This book is an extensive cross-section treatment of American foreign policy chiefly during the four years 1885-1889 in which Bayard was Secretary of State. The closing chapter is a valuable account of his stewardship over the American embassy in London during the second Cleveland administration, when the all-important question was the Venezuela boundary dispute. Somewhat unfortunately, the reader is left groping for the continuity of the intervening period when Blaine and Foster were at the helm of the Department of State.

Professor Tansill's unique source is the collection of Bayard Papers, deposited in the Library of Congress and comprising more than two hundred thousand pieces. Bayard's own diary and his letterbooks particularly yielded up their riches; to the author and to the Fordham University Press, specialists in American diplomatic history will be grateful for the liberal printing of lengthy and informative extracts from these and other manuscript materials. With his customary thoroughness Tansill has resorted to many other sources, including the archives of the Department of State, the Public Archives of Canada, and the personal papers of some of the important American and Canadian contemporaries of Bayard.

The topics covered are the Samoan question, Chinese immigration, the North Atlantic fisheries question, the Sackville-West incident, Hawaii and Korea, the Bering Sea seal fisheries, Mexican relations and the Venezuela boundary dispute. Dr. Tansill has a flair for composing intriguing chapter headings, made the more attractive in this book through the clever imitation of Bayard's own handwriting. It takes fortitude even on the part of the specialist, however, to wade through some of his chapters. The author is to be congratulated on finding a publisher so generous as to accept such a voluminous work. His book is an oversize volume, and is too long for profitable use except by a very few.

One can always find fault with an author over matters of personal taste. This reviewer is a firm believer in the value of condensation and of proportioning the treatment of a subject according to its importance. Dr. Tansill has not met either of these requirements; his detail is too often fatiguing without being illuminating, and many subjects worthy only of bare mention are spun out as though they

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were matters of the gravest national import. Why should a matter like the Cutting case in Mexican relations, for instance, which the author himself characterizes as a "long and fruitless controversy", receive thirty-two pages? Luckily the topical subheadings make it possible to steer around some of these minutiae. Overindulgence in detail, to be sure, is a defect common to many monograph writers of history; it is regrettable that Dr. Tansill needs to be numbered among them.

The net contribution of this book is to give to Thomas F. Bayard his rightful place as a mature and reflective statesman, one of the ablest in the history of American diplomacy. He was a moderate expansionist, interested in the acquisition of rights in Samoa and Hawaii as stepping stones to power in the Pacific, and he saw clearly the strategic value of these islands in relation to a future isthmian canal. To Mexico, as to Hawaii, he applied the "ripe apple theory" of American manifest destiny. Conscious no doubt of present trends, Professor Tansill depicts his subject as a pioneer in the movement for an Anglo-American entente; it is to Tansill's credit, as well as to Bayard's, that the secretary and ambassador is shown to have been of stronger stuff, however, than that of a mere sentimental Anglophile.

In no instance do Bayard's critical faculties stand out better than they do in contrast to the small-boy belligerency of Olney and Cleveland over the Venezuela boundary affair. Here Tansill is at his best; the skeleton of the old Nicaraguan-Mosquito controversy was rattled for the last time in 1894, and Tansill is the first scholar to call attention to the connection between this issue and the American espousal of the Venezuelan cause the year following. In vain did Bayard, when ambassador to England, bring his own experience with Venezuelan guile to bear upon the crisis in 1895. Like John Bassett Moore, who shared his efforts, he had scant reason to pin faith in the honesty of the "sister republics" of South America; he had a genuine confidence in the integrity of Great Britain, and he set his face against the "tail-twisting" to which American politicians resorted whenever they stood in need of an issue. For this he was publicly vilified in the United States and made the butt of a petty intrigue in the Department of State. For tearing away the sham and for filling in the gaps in the story of the Venezuela affair ably told by Messrs. Nevins, Dennis and Perkins, Dr. Tansill deserves a vote of thanks.

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*The South Seas in the Modern World.** By FELIX M. KEESING. New York, The John Day Company, 1941.—xv, 391 pp. $3.50.

An ever-widening World War II has focused increasing attention on the Pacific islands, particularly as strategic military bases for Western Powers and as sources of food, oil, and other products. It is no longer possible to exclude these islands from the international picture on grounds that they are too remote from Western interests or commercially insignificant or beyond the Western civilizational horizon; neither is it possible to ignore the welfare of the indigenous populations, since, as Professor Keesing phrases it, their habitats have become "vital pawns in the grim game of power politics." The author of this comprehensive survey of a little known region deserves special commendation for bringing to light rich data that are currently significant to Western nations and, at the same time, for presenting the much neglected native situation in terms of general human problems and specific needs.

Some outstanding facts and trends may be noted here. Native populations, after centuries of numerical decline (because of incoming white diseases, a vicious labor traffic, etc.), now show marked increases, and the indications are that this trend will continue. Production of agricultural, mineral and marine commodities for world markets holds an important place in island economic life, as does their absorption of goods manufactured elsewhere. The natives therefore enjoy material advances or suffer drastic curtailments depending on the condition of world markets. Land problems, though foremost in importance to most native groups, remain far from solved, and this situation is made more acute by the fact that "non-native holdings today consist of properties of the best available quality, while native holdings are likely to include poor and inaccessible tracts" (p. 102).

A "colonial type of society" obtains in the islands, thereby raising efficient barriers between the dominant white (and Japanese) groups and the dominated native populations. Several distinct philosophies prevail respecting native policies, chief among which are the following: (1) a policy of complete isolation of native communities to preserve them from "the harmful and disorganizing effects

* This review was written before the Japanese attack on Pearl Harbor.—ED.

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of outside influences"; (2) the contrasting policy of complete assimilation into the dominant society; and (3) the "progressive education policy", which, to the author (and this reviewer), is clearly the best program of action. (See pp. 84-85.)

In an excellent discussion of indirect rule vs. direct rule, Professor Keesing offers manifestly sound reasons in favor of the former. He also suggests workable plans to meet problems necessarily involved in indirect rule. Finally, the judicial aspect of government is subjected to analysis in terms of conflicts inevitably provoked by codes of behavior and principles of punishment that differ for the ruling and ruled groups.

Among the crucial questions treated are those that relate to problems of human relations. For example, "How quickly and effectively can groups and individuals change from one cultural basis to another?" Again, "Can such indigenous peoples . . . be fully assimilated to modern civilization . . . ?" These, and many more, Professor Keesing discusses thoroughly, presenting the best available evidence in support of the possible alternative approaches. Throughout, the author follows the same principle: he submits well-thought-out suggestions or opinions only after full treatment of alternative positions. This, indeed, adds much value to his contribution.

One theme, which might be termed the anthropological viewpoint, arises again and again. This is the necessity of approaching native peoples armed with adequate knowledge of their social and cultural norms, and a sympathetic understanding of the psychological agitations that frequently follow the powerful impact of contacts between peoples carrying altogether different backgrounds.

A final suggestion, one which is addressed to social scientists in general, is contained in Professor Keesing's exposition of the possible use-values of such studies. In his own words, these societies present "an array of experiments in change and readjustment, that is, in dynamic processes of human living, such as indeed are touching all humans today, so-called civilized peoples included. . . . The idea is enticing, therefore, that by viewing what is happening in such smaller, less complicated situations it may be possible to grasp with greater clarity how societies work, how cultures change."

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BOOK NOTES

The New Economic Warfare (New York, Columbia University Press, 1941; xiii, 190 pp. $1.75), by Antonín Basch, is based on a series of lectures which the author—a distinguished Czechoslovakian economist now in this country—delivered at Columbia University in 1941. While economics of modern war has until very recently been a neglected field, several textbooks on it have appeared since Pearl Harbor. Dr. Basch's book does not belong to the same category, and is both more thoughtful and more readable than most of these publications. While the term economic warfare is usually employed in the specific sense of policies designed to undermine the economy of the enemy, Dr. Basch attempts to cover in a general way the problems of internal wartime reorganization as well as those of economic warfare proper, and adds a final chapter on the prospective issues of post-war reconstruction. He shows impressively how the economy of a democratic nation, under the impact of economic preparation for war, is bound to adopt many policies that totalitarian régimes have for years been employing, yet emphasizes the scope of voluntary coöperation and constructive criticism under a régime maintaining freedom of opinion. The sections on Germany's economic aggression and exploitation of occupied territories are largely based on official German materials, and present an unbiased picture of the recent revolutionary changes in European economics. The author does not discuss to any appreciable extent the economic rearmament problems of the United States. From his survey of Great Britain's slow and painful readjustment he draws, however, the indisputable conclusion that "a democratic economy, even with the mightiest resources, cannot prevent losing the war if it remains on the welfare economy basis and is not organized quickly and efficiently" (p. 118). In his final chapter on the coming transition from war to peace economics, Dr. Basch defines the fundamental task as developing a new economic equilibrium in the world and restoring a social balance within the nations. Some of his concrete suggestions to this effect are inevitably controversial, while others at least require clarification. In particular, the combination of general

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planning and individual initiative which the author recommends for the post-war set-up will have to be discussed in more detail. Dr. Basch is courageous enough to discount the widespread "identification of democracy with the economic system of liberal capitalism" (p. 168) and believes in a "negotiated, disciplined free economy" (p. 175). Strangely, he appears to assume that self-sufficiency would necessarily be an objective or trend of a united Europe. On the whole, however, his discussion of the problems and necessities facing the post-war world is extremely thoughtful and stimulating.—ALBERT T. LAUTERBACH, University of Denver.

Living in an era troubled by various spectacular mass movements, an index of a critical period, Hadley Cantril in *The Psychology of Social Movements* (New York, John Wiley & Sons, Inc.; London, Chapman & Hall, Ltd., 1941; xv, 274 pp. $2.75) thoughtfully analyzes the motives that make men follow an unknown, untried leader, the environmental factors that lead them to accept a new doctrine, and the mental processes going on in the minds of the followers of an alleged new social order. In Part I a basic conceptual framework is provided for the understanding and interpretation of social movements, resting largely upon elaborations of Muzafer Sherif's formulations and discussions with Gordon W. Allport. The concepts examined in great detail serve to explain the five social movements of Part II: the Lynching Mob, the Kingdom of Father Divine, the Oxford Group, the Townsend Plan, and the Nazi Party. Part I forms the theoretical background for the psychological analysis of social movements. Effort is made to understand the precise relationships between the individual and his society, and the structure of the mental content the individual acquires in society. Distinction is stressed between standards of judgment consisting of unquestioned evaluations acquired or taken for granted by the individual; frames of reference which are generalized points of view; and attitudes derived from the latter. Cantril describes the development of the ego, how it is rooted in and affected by the social context. The individual's self-regard is founded on ascertainable, known values with which he identifies himself, and to the maintenance of which he devotes his constant efforts, consciously or unconsciously. Professor Cantril briefly describes the sources of discontent which contribute to the dissatisfaction the individual experiences with his social world: the discrepancy between his aspirations and his performances, the failure of others properly to recognize his values, the failure to

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satisfy always his innate or acquired needs, the simultaneous identifying of himself with the values he believes are his, and the failure of society to provide any recognition for certain values that he may cherish. The final major problem which Cantril examines in some detail is how and why different people accept or construct the variety of interpretations of what to them are social problems. Particular social problems are so many tensions demanding resolution. Critical situations arise when men are confronted by a chaotic external environment which they are unable to interpret significantly to themselves. When this is the situation a broad basis exists for the invasion of irrational suggestions.—HERMAN HAUSHEER, Lamoni, Iowa.

In *Production and Distribution Theories: The Formative Period* (New York, The Macmillan Co., 1941; vii, 392 pp. $3.50), Professor George J. Stigler, of the University of Minnesota, attempts a critical study of the work of the pioneers in the systematization of the general marginal productivity theory. It covers roughly the period between 1870 and 1895. Successive chapters are devoted to William Stanley Jevons, Philip H. Wicksteed, Alfred Marshall, Francis Y. Edgeworth, Carl Menger, Friedrich von Wieser, Eugen von Böhm-Bawerk, Leon Walras, Knut Wicksell, and John Bates Clark. The book makes available in summary form a good deal of the work of continental Europeans which has not yet been translated. The book is both intensive as regards detail, and extensive as regards scope. The point of view is that of Professor Frank H. Knight, the author's teacher at the University of Chicago. The treatise should be useful to those students of economic theory already thoroughly grounded in the essentials of marginal productivity theory. The author, however, entertains the familiar misconception that Clark's *Distribution of Wealth* differs radically in point of view and procedure from the earlier *Philosophy of Wealth.* Such a position springs from unfamiliarity with the meaning of certain terms in the social sciences in the United States during the seventies and eighties. Some attention might also have been paid to the work of Francis A. Walker and Simon N. Patton, whose suggestions were in a number of instances incorporated into the later development of the marginal productivity theory.—JOSEPH DORFMAN.

Owing largely to the inclusion of a thoughtful final chapter, the interest attaching at the moment to N. M. Sloutzki's *The World Armaments Race, 1919-1939* (Geneva, Geneva Research Centre, 1941; 129 pp. $.40) is more than just historical. The study itself

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coördinates within short space all the fundamental arms data made available to the public in the individual *Armaments Year-Books* published by the League of Nations. In this regard it offers a very useful summary of the arms race which, save for a brief interlude about 1932, embittered world relations from 1919 to 1939. As former editor of the year-book and expert statistician at the Disarmament Conference in 1932, Mr. Sloutzki came well prepared to his task, and the booklet does provide an exceptionally clear and handy guide to the world expenditure on armaments, the world trade in armaments, and the world's permanent armed forces in the score of years between the two World Wars. Wherever possible, moreover, the financial values are expressed in really comparable terms. The two chief conclusions of the author are, first, that it would seem to be necessary to provide security before the major powers will agree to limit their armaments (which was the basic French thesis during the period under review); and secondly, that the achievement of arms limitation depends on action at a time of fortunate combination of political, technical and psychological factors. Mr. Sloutzki believes that such a combination existed in 1918 but that the men of Paris failed to see and seize it. He also believes that the next such favorable opportunity may be found immediately upon the successful conclusion by the United Nations of the present war. — WALTER CONSUELO LANGSAM, Union College.

Professor George E. Taylor has produced a thought-provoking book on *America in the New Pacific* (New York, The Macmillan Company, 1942; 160 pp. $1.75), an account in the historical-contemporary manner that is at the moment in favor with a somewhat bewildered public. The book could well serve pedagogues as an example of the Socratic method: scores of questions are asked, interest is sustained, and the reader gradually comes to the conclusion that the author offers outlines to the answers. The book under review gives evidence of thorough knowledge of the background of the current Pacific scene and of the forces which made the war inevitable. There are no citations of sources and no bibliography, but these are perhaps properly avoided in a book of contemporary discussion. In some instances conclusions have been drawn quite facilely, and difficult questions have been resolved into oversimplification; but this is almost inevitable in brief compass. Specifically, the trans-Siberian railway did not (p. 45) reach the Manchurian border in 1880: it reached Omsk only in December 1895. It is doubtful (p.

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103) if the Chinese are anywhere in Southeast Asia deliberately used as "a buffer between the rulers and the ruled." On the other hand, Taylor is entirely correct in pointing out (p. 105) that throughout the area the Chinese are "a kind of secondary imperialists; they stand [in Malaya] in an intermediate position between the British and the natives. Their nationalism stems from China, not Malaya." And he pretty well disposes of the notion, once commonly heard in ladies' clubs and among university students, that this is "just another imperialist war fought to protect the Standard Oil Company." Mr. Taylor's British background has not prevented him from taking his countrymen to task in several instances. Yet it is pleasant to see them receive (p. 21) tribute when it is due: "The British take with them to their colonies the weapons for their ultimate defeat—they take the ideas of nationalism, of political democracy, of law. The colonies have at least some hope, therefore, of ultimate political independence. Egypt and India are well on the way to running their own affairs. The British government has yielded only to pressure, but what of it? It did yield." The entire book is packed with quotable gems: "Japan could not be appeased because she did not wish to be appeased." "The United Nations are now fighting three bankrupt nations—or at least they ought to be bankrupt according to the ideas of our own economists." Let us hope that writers and proofreaders eventually will discover that the plural of Thai is Thai and not such picturesque forms as Thais, Thaiese, Thians, or Thailanders.—JOHN L. CHRISTIAN, Washington, D. C.

It is one of the specific functions of the jurist to give the dominant social arrangements of his time a semblance of coherence and logical unity. How well did Blackstone's *Commentaries* carry out this task? That is the question to which Daniel J. Boorstin's *The Mysterious Science of the Law: An Essay on Blackstone's* Commentaries (Cambridge, Harvard University Press, 1941; xviii, 257 pp. $3.00) provides an eminently satisfactory answer through an analysis of Blackstone's work against the background of the intellectual premises prevailing in eighteenth-century England. In good eighteenth-century fashion, Blackstone looks upon history as the unfolding of general and universal principles. He draws the conservative, rather than the critical, inferences from natural law and finds its fulfilment in the English legal institutions of his day. As Boorstin shows conclusively, Blackstone, for all his inconsistencies, knew how to use his material to drive home his one main point: the preëminent excellence of the social and legal arrangements of English society. Following the

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discussion of Blackstone's methodology, the book proceeds to analyze his hierarchy of values. Humanity occupies an altogether subordinate value. Enlarging on a theme of Beccaria, for example, Blackstone approaches the reform of criminal law as a means of achieving effectiveness rather than mercy. Liberty is an antechamber to the sanctum sanctorum, property. The notion of freedom of the individual will is absent; Blackstone sought to forestall the deduction that a free will requires the right to enough property by which to make the will truly free. It is a pity that Boorstin limited his discussion of property largely to the relationship between property rights and civil law and to Blackstone's justification of individual arrangements of some property rights. Our understanding would have been deepened by a more general treatment of the institution of property itself, for in this particular age, as Boorstin emphasizes, theorists were beginning to view property with the eyes of the merchant rather than of the gentry. In all fairness to the author, however, it should be noted that the fault may well be Blackstone's rather than that of his excellent interpreter. The latter notes quite correctly that "Blackstone was clearest and most effective in expounding the land law, weakest and most fragmentary in treating the law of commerce."—OTTO KIRCHHEIMER, Institute of Social Research, New York City.

In *Federal Coöperation with the States under the Commerce Clause* (Ann Arbor, The University of Michigan Press, London, Oxford University Press, 1942; viii, 428 pp. $4.00) Joseph E. Kallenbach has written an outstanding book. It is much more than a descriptive treatise dealing with the various ingenious devices by means of which, in this field, flexibility has been achieved under our federal system. The main emphasis is placed on the analysis of the judicial reasoning by which these measures have been upheld and the influence of these constitutional theories upon the development of American federalism. In a well-organized and highly readable treatise, the author traces the commerce clause doctrines known as the "conditionally-exclusive" theory, the "concurrent powers" theory, the "exclusive power" theory and the "local concurrent powers" theory, with their corollaries and implications. Several chapters are devoted to the intriguing problem of the "divestment" of an article's interstate character and the potentialities inherent in the formula of the Wilson Act. The chapter on the Webb Kenyon Act contains perhaps the best discussion in the volume. The problems involved in the federal regulations of commerce for the protection of the

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"sending" and the "destination" states are also discussed, as well as the federal "adoption" of state laws relating to commerce. The work is well documented and scholarly throughout. As a teacher of public law for two decades, this reviewer unhesitatingly recommends the volume as required reading, and as a supplement to the "case system" in constitutional law, in what is, and no doubt will be, one of the most fertile fields in our constitutional development.—FORREST R. BLACK, Washington, D. C.

In the past few years there has been renewed interest in the Ballinger-Pinchot controversy of 1910, which split the Taft administration on the issue of conservation. Alpheus Thomas Mason, in *Bureaucracy Convicts Itself* (New York, The Viking Press, 1941; 224 pp. $2.50), has ably supported the cause of Gifford Pinchot and Louis R. Glavis against Taft's Secretary of the Interior, Richard A. Ballinger. Professor Mason has made full use of the thirteen volumes of hearings recording the congressional investigation of the Interior Department and Bureau of Forestry, and has examined all of the relevant periodical matter and monographs on the subject. His study has been enriched through access to the papers of Louis D. Brandeis, counsel to Glavis during the investigation, and through personal conversations with Brandeis and other contemporaries (which are, significantly, all on one side). Armed with liberal citations from the documentary evidence, this book develops a very convincing case for the absolute administrative purity of Pinchot and Glavis. By meticulously reviewing the record and actions of Ballinger, the author takes pains to demolish the sweeping article of exoneration which Secretary of the Interior Ickes wrote in the May 25, 1940, issue of the *Saturday Evening Post*. The chief value of this volume is its clear presentation of the background of the quarrel, the charges of corruption which Pinchot and Glavis brought against Ballinger, the political ineptitude of President Taft in handling his subordinates and examining the charges, the intense zeal of the muckrakers and conservationists, and the brilliance of Brandeis in examining witnesses and making the investigation a significant one. Interest is heightened by the dramatic manner in which so much of the tale is packed into a brief space. Yet this is also the trouble with the book: it is largely a lawyer's brief for one side of the case. Historians and students of the administrative process will look forward to the day when a disinterested and conscientious scholar will review the published evidence; thoroughly examine the Taft, Roosevelt, Glavis,

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Pinchot, Ballinger, Wickersham, Brandeis, and all other letters and papers of individuals and departments connected with the controversy; and sift and weigh anew the manifold charges and countercharges which disgraced a cabinet member and wrecked an administration. Professor Mason's study is a valuable contribution, but it is by no means the last word on the subject — KENNETH WILLIAM HECHLER, Washington, D. C.

Paul L. Kleinsorge's *The Boulder Canyon Project: Historical and Economic Aspects* (Stanford University, Stanford University Press, London, Humphrey Milford, Oxford University Press, 1941; xiv, 330 pp. $3.50) appears at an opportune moment. Oldest of the vast public projects that are destined virtually to reorder the economic life of whole regions of the United States, the last phases of the expanded project—the All-American Canal and the Colorado River Aqueduct—are now practically completed, and the early phases —Hoover (Boulder) Dam and Power Plant, the long transmission lines, and Imperial Diversion Dam — have been in operation long enough to test their economic and technical feasibility. In a sense, then, Professor Kleinsorge has made the first nonofficial report to the American people upon this stupendous undertaking that from the first appealed to their imagination and that, first and last, has taken $165,000,000 of their money to build. But this splendid volume is more than an unbiased, painstaking report; it gives the reader at the outset a picture of the geographic setting and a summary of the early irrigation developments in the Lower Colorado. Next comes an adequate discussion of the Compact entered into by six of the Basin states, recalcitrant Arizona alone withholding cooperation. Chapter iii is highly important, for it presents a history and an analysis of the Project Act and gives a fair but critical appraisal of the arguments for and against the Project. The remaining three chapters examine the power and water contracts and financial estimates, explain the construction problems, and present an economic evaluation of the Project's services. So far as the Project as such is concerned, the author has overlooked no important aspect of the whole program. For the most part he makes a stout defense of its soundness from every important point of view. Even on the much-debated subject of public power he takes the quite pragmatic position that the production and sale of power would, within fifty years, pay for the project and that its other services—flood control, river regulation, water storage for irrigation and other uses, and recreation—in themselves are justifiable ends. One other important

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service he merely mentions: our experience with this Project will be of advantage in the planning, execution and administration of other, even vaster, regional programs centering in the harnessing and utilization of the water resources of great river systems by the construction of multiple-purpose dams. A few minor criticisms could be made. The phrase "Rio Grande River" (p. 4) does not look well, at least in our Southwest. Likewise the figure of 248,000 for the drainage area in square miles of the Rio Grande Basin must include all closed basins, since the productive watershed is only 172,650 square miles (p. 105 of the 1939-1940 Report of the United States Commissioner, International Boundary Commission). The problem of Mexico's claim to water is not adequately treated, but it scarcely falls within the compass of this volume. Incidental thereto, however, the All-American Canal, of which the author seems slightly doubtful, should be judged in the light of the whole United States–Mexican water problem and not merely as it appears in the Colorado Basin. As a whole this book should appeal to every one who desires to secure, in brief compass, a sound, readable treatment of the Project.—CHARLES A. TIMM, The University of Texas.

William Lytle Schurz in his *Latin America* (New York, E. P. Dutton & Co., 1941; 378 pp. $3.75) presents a survey of the twenty Latin American republics, which endeavors to cover all phases of their environment, life and activities. To the task he brings not only scholarly interest but also many years of active service, which have served to give him a comprehensive outlook on his subject. His volume begins with a description of the physical setting, its potentialities and resources. The historical background includes a brief account of the pre-colonial period, the era of discovery and exploration, and the colonial development under Spain and Portugal. The essential facts of the racial composition of the various republics are set forth. The basic native Indian factor which varies from country to country, combined particularly with the Spanish and Portuguese blood, together with the more recent European immigration, has developed the present-day populations. The section on government deals briefly with the history of the republican era as well as the administration of the various countries. It is perhaps natural in view of the author's experience that the section on economy is the most extensive. Agriculture, mining, forest industries, transportation and trade are treated in turn. Needless to say only the high lights can be given on such a wide variety of subjects in the space devoted to them. International relations, among the republics themselves,

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and with Europe and the United States, are sketched at some length. Achievements as well as supposed errors of policy are pointed out. The concluding section, entitled "The Way of Life", is particularly a comparison of the mode of living in Latin America with that which obtains in the United States. Among the topics mentioned are general ideas and ideals, social organization and movements, labor legislation, public health, revolutionary movements, education, religion and literature. There is a wealth of information in the volume, but due to limitations of space the account for each country is all too brief. The method of presentation gives the reader the impression he is rapidly passing from one country to another over ever-changing routes, as the subject under consideration is changed. The author has a tendency to criticize quite severely the policies of the United States in regard to Latin America, and little attention is given to the factors in those countries which served to influence the United States in its actions. There is no formal bibliography, although a considerable number of more detailed works are mentioned in the footnotes. The volume is a most useful survey which serves to give a general idea of Latin America as a whole. Finally the author is to be commended for his frank statement in the preface as to the right of the citizens of the United States of America to call themselves Americans.—ROSCOE R. HILL, Washington, D. C.

In *We Pledged Allegiance: A Librarian's Intimate Story of the United States Food Administration* (Stanford University, Stanford University Press, London, Humphrey Milford, Oxford University Press, 1941; x, 170 pp. $2.50), Miss Edith Guerrier has recorded various experiences which will strike a responsive chord in the memories of many of her compatriots who are now middle-aged or beyond. Miss Guerrier was head of the Library and Exhibits Section (one of twelve sections under the Educational Division) in the Washington office of the Food Administration. Let it not be supposed, however, that the sole function of this librarian consisted in supplying her colleagues on the staff with suitable reference matter. Her job was far bigger. It consisted, in brief, in "selling" the food conservation program to the people through libraries and librarians. Within a period of one year the Section sent out, in addition to other printed matter, over 1,500,000 pamphlets and leaflets and about 600,000 posters. Miss Guerrier in person visited libraries from coast to coast. She prepared exhibits. "During the latter part of June [1918, she writes] I prepared an exhibit for the Annual Meeting of the American Library Association in Saratoga. This exhibit

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consisted of reports of the work of each state in library food publicity, a complete file of the bulletins and posters of the Food Administration, some graphic exhibits suitable for small libraries, and a large collection of posters made by children of the different states" (p. 129). One wonders indeed how Miss Guerrier found time to do so much, somewhat as one wonders how some people in the eighteenth century found time to write so much. Whatever the reason in her case, one thing is certain—Edith Guerrier gave herself to the cause with all her heart and soul, she fought the good fight. The faults of her book are obvious. It is poorly organized, it abounds in abrupt transitions, and there is no bibliography or index. (Presumably, it is based on the Edith Guerrier collection in the Hoover Library.) Yet, as Dr. Ray Lyman Wilbur in the fullness of his own experience remarks in a Foreword, Miss Guerrier has "caught the spirit" of the Food Administration. The voluminous records of the Food Administration are now housed for the most part in The National Archives. If the searchers who are toiling among these records succeed in injecting some of the flavor of *We Pledged Allegiance* into their published writings they ought to win a cordial reception.—Carl Ludwig Lokke, The National Archives.

There is some suggestion of Canadian Teacher taking American Pupil by the hand through sixteen "easy lessons" in A. L. Burt's *A Short History of Canada for Americans* (Minneapolis, The University of Minnesota Press, 1942; xvi, 279 pp. $3.00). Yet anyone with even moderate knowledge of the complexity of Canadian history will recognize that the book is a remarkable achievement in its close-knit, yet vivid, texture of salient circumstances, persons, incidents and developments. The narrative is nimble; the proportions are systematic (except for a slight bulge dealing with the years 1760-1820 into which the author has made most of his own researches); and the degree of sustained accuracy is very high. Naturally enough, controversial matters have often had to be merely indicated or alluded to, but in a surprising number of cases space has been found for relatively thorough discussion. Over a hundred excellent illustrations and serviceable maps do much more than merely adorn the volume. Since the book serves an important purpose so ably that it may well go into later editions, it seems worth while to mention some omissions which might be remedied without distorting what is a deft feat of compression. The rather idyllic picture of rural New France needs to be complemented by descriptions of urban Quebec and particularly of that lively frontier town, the fur-traders' Mon-

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treal. The lumber industry of the Ottawa valley and the Great Lakes should not be eclipsed as it is by that of New Brunswick. There is space in the Reading List for mention of two relevant volumes which seem to be esteemed by the author: M. L. Hansen's *Mingling of the Canadian and American Peoples* (New Haven, 1940) and Gustave Lanctot's *Les Canadiens français et leurs voisins du sud* (Montreal and New Haven, 1941). And, finally, the designated readers of this volume, finding that it runs through to December 1941, are likely to be surprised by the complete omission of the prolonged diplomatic contests among the United States, Great Britain and Canada which culminated, as it were, in the Permanent International Joint Commission which has served the North American neighbors so well since 1909, and by the more striking omission of the sustained, systematic Rooseveltian policy toward Canada, with its landmarks of reciprocal official visits since 1933, the St. Lawrence Waterway Treaty of 1934, the protective declarations at Chautauqua in 1936 and at Kingston in 1938, the Ogdensburg Agreement for a Permanent Joint Board of Defense and the Destroyers-for-Bases deal of 1940, and the Hyde Park Agreement of 1941, with its resultant high degree of Canadian-American economic integration.—J. B. Brebner.

The impact of the 1929 depression and the second World War has created the need for the rather extended study of *The Federal Financial System* by Daniel T. Selko (Washington, The Brookings Institution, 1940; xii, 606 pp. $3.50). The author presents a detailed account of the evolution of the federal financial system from 1775 to the present. He has given a clear, exact and minute statement of the character and growth of the budget, revenue, fiscal, accounting and reporting systems. The relevant statutes, court decisions, and administration regulations are carefully cited. The reasons for change at different periods are indicated, and a forceful criticism is presented of practices and rules considered unsound by the author. Rarely has so much administrative information on so many varied aspects of a field been given with such compactness. One may suggest, however, that the volume would have gained in breadth of interest if the author had not rigorously excluded almost all references to the larger socio-economic and political framework within which the federal financial system has had and will have its being. More frequent and explicit mention of the leading historical figures, parties, and conflicting interests which created or opposed different

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phases of the federal financial system would have given Dr. Selko's book a three-dimensional character which it lacks. Moreover, the author abstains from discussing such Keynesian and New Deal fiscal theories and proposals, to which he is evidently opposed, as the cyclical budget. Nor does he make as articulate as he should have the economic and political principles upon which he bases his criteria of financial, political and legal soundness or desirability. Nevertheless, the volume is a valuable contribution and a very useful work of reference.—SIDNEY RATNER, Washington, D. C.

The 1940 presidential election seems remote to most Americans facing the problems of the second World War. Yet as the war goes on and the chances of a United Nations victory increase, such books as Cortez A. M. Ewing's *Presidential Elections: From Abraham Lincoln to Franklin D. Roosevelt* (Norman, University of Oklahoma Press, 1940; xiii, 226 pp. $2.50) retain, and gain in, interest. Professor Ewing has written with verve and skill a lively sketch of the battle for ballots from 1864 to the present and a keen analysis of the determining sectional and economic interests. He demonstrates anew, but in a fresh manner, the value of minor parties in introducing needed radical proposals, the rôle of the electoral college in deciding elections, and the changing character of sectional voting as the economic system has developed. Although one may disagree with some of his conclusions and interpretations, his volume throws much light on many obscure phases of an important subject.—SIDNEY RATNER, Washington, D. C.

It is a rare occasion, indeed, when the speeches, addresses, testimony before congressional committees, and a few disjointed articles written at various times by an outstanding public servant and one-time university professor can be placed between two covers and called a book in the conventional sense of the word. For this reason, too much should not be expected from the late Professor Grace Abbott's *From Relief to Social Security* (Chicago, The University of Chicago Press, 1941; viii, 388 pp. $2.50). However, if the reader peruses this heterogeneous collection of materials with a sympathetic eye, he will discover much in it of lasting interest. With a single exception, all the papers in this volume were written by the late Professor Abbott during the depression of 1929. Her sister, who selected and edited these papers, should be highly commended for doing so, for Grace Abbott, as chief of the United States Children's Bureau, was an influential figure in social welfare and this book bears out her

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vital contributions to the field. She was an ardent advocate of government aid for the needy and for the establishment and maintenance of adequate relief standards. Her chief preoccupation was with children, but the various articles bear witness to her strong concern for the indigent aged, the unemployed, the homeless transients, and the sick. Much of the space in the book is devoted to problems of administration and appropriations. This is to be expected from the chief of a federal bureau and a professor of public welfare administration at the University of Chicago. But enough is included about the history of public welfare and concerning some of the theoretical problems involved in the transition from relief to social security, to make it of general interest to students of social problems as well as to those specializing in public welfare administration. —MURRAY ROSS, Brooklyn College.

Students of the sociology of industry and of personnel management who are acquainted with Professor F. J. Roethlisberger's earlier contributions to the subject of human relations in industry will welcome the appearance of his very readable new book, *Management and Morale* (Cambridge, Harvard University Press, 1941; xxii, 194 pp. $2.00). Professor Elton Mayo, in his Foreword, sets the keynote for the entire work when he declares: "while material efficiency has been increasing for two hundred years, the human capacity for working together has in the same period diminished" (p. xvi). Focusing his attention on "the nature and treatment of cooperative phenomena", Professor Roethlisberger approaches the study of industry not so much as an economic phenomena, as an organization of complex social relationships. In the course of his several lectures, which are here presented in a single volume for the first time, Professor Roethlisberger emphasizes the importance of the problems of human collaboration as a field for serious study and research. He dwells at some length on the instructive suggestions gathered in the course of the famous Hawthorne experiment on the need of directing personnel management toward concrete human rather than physical situations. The essay on the prerequisites of leadership emphasizes that a successful business man must fulfill a social as well as an economic function. "He has to keep individuals working effectively together" (p. 27). How to do it is no easy task, but much may be learned from Professor Roethlisberger's discussion of the subject. The complex problems connected with the social structure of industry are richly illustrated by the use of appropriate anthropo-

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logical materials as well as examples from contemporary industrial life. Before finishing the book, the reader is acquainted with "people who deal with cooperative phenomena." Here Professor Roethlisberger makes a point of introducing business men to social scientists and of introducing "to businessmen some social scientists about whom they may never have heard" (p. 160). The introductions are very simple and informal; they should prove profitable to both parties. In general, business executives and the intelligent public have much to learn from the book. It should also have a vital appeal to anyone specifically interested in human relations in industry. Perhaps by following this approach to the study of industrial relations, we might be more successful in reducing the lag between technology and sociology.—MURRAY ROSS, Brooklyn College.

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